UNITED
NATIONS

A

General Assembly

Distr.
LIMITED

A/AC.232/L.13
25 September 1990

ORIGINAL: ENGLISH

AD HOC COMMITTEE OF THE WHOLE FOR THE
PREPARATION OF THE INTERNATIONAL
DEVELOPMENT STRATEGY
Resumed fourth session
17-26 September 1990
Agenda item 3

ADOPTION OF THE REPORT OF THE AD HOC COMMITTEE

Draft report

Rapporteur: Mr. Ahmed DJOGHLAF (Algeria)

ORGANIZATIONAL MATTERS

A. Opening and duration of the session

1. The Committee held its fourth session at United Nations Headquarters on 4 and 6 June and from 17 to 26 September 1990. The Committee held ___ meetings (18th to ___).

2. The session was opened by the Chairman.

B. Attendance

3. The following Member States were represented:

Algeria
Argentina
Australia
Austria
Bahrain
Belgium

best copy available

Bolivia

Brazil

Bulgaria

Burkina Faso

Byelorussian Soviet Socialist Republic

Canada

Cape Verde

Chile

China

Colombia

Cuba

Czechoslovakia

Denmark

Ecuador

Gabon

German Democratic Republic

Germany, Federal Republic of

Ghana

Greece

Guinea-Bissau

Honduras

Iceland

Indonesia

Iran (Islamic Republic of)

Ireland

Italy

Jamaica

Kenya

Lebanon

Lesotho

Libyan Arab Jamahiriya

Malaysia

Mauritania

Mexico

Mongolia
Morocco
Nepal
Netherlands
New Zealand
Norway
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Spain
Sri Lanka
Sudan
Sweden
Syrian Arab Republic
Togo
Trinidad and Tobago
Tunisia
Turkey
Ukrainian Soviet Socialist Republic
Union of Soviet Socialist Republics
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Viet Nam
Yemen
Yugoslavia

4. The following non-member States were represented by observers:

Republic of Korea
Switzerland

5. The following specialized agencies were represented:

Food and Agriculture Organization of the United Nations

World Health Organization

United Nations Educational, Scientific and Cultural Organization

United Nations Industrial Development Organization

6. The International Atomic Energy Agency was also represented.

7. The following intergovernmental organizations were represented:

Commission of the European Communities

Organization of African Unity

8. The World Food Council was also represented.

C. Election of officers

9. At its 21st meeting, on 18 September, the Committee elected by acclamation Mr. Ole Kristian Holthe (Norway) to fill the post of Vice-Chairman which was vacated by Ms. Bethany Armstrong (Canada).

10. All other officers were elected at the organizational session of the Committee.

D. Adoption of the agenda

11. At its 18th meeting, on 4 June, the Ad Hoc Committee adopted the following agenda for the session, as contained in document A/AC.232/8:

1. Adoption of the agenda.

2. Elaboration of the international development strategy for the fourth United Nations development decade.

3. Adoption of the report of the Ad Hoc Committee.

ELABORATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

12. The Committee considered the question of the elaboration of the international development strategy for the fourth United Nations development decade (agenda item 2) at its 18th to _____ meetings, on 4 and 6 June and from 17 to ____ September 1990. The documentation before the Committee under this item is listed in the annex below.

13. Statements were made by the representatives of Bolivia (on behalf of the States Members of the United Nations that are members of the Group of 77), Ireland (on behalf of the States Members of the United Nations that are members of the European Economic Community), Norway (on behalf of the Nordic countries), the Union of Soviet Socialist Republics, China, the United States of America, Italy (on behalf of the States Members of the United Nations that are members of the European Economic Community), Canada, Colombia, Pakistan and France.

READEX FICHE

ANNEX

List of documents

Symbol	Agenda item	Title
A/AC.232/8	1	Provisional agenda
A/AC.232/9	2	Note by the Secretariat on suggestions for an international development strategy
A/AC.232/10	2	Working document prepared by the Chairman
A/AC.232/L.9	3	Draft report of the Committee on its third session
A/AC.232/L.10	2	Note by the Secretariat on the integration of women in the international development strategy for the fourth United Nations development decade
A/AC.232/L.11	2	Note by the secretariats of the United Nations Educational, Scientific and Cultural Organization, the International Civil Aviation Organization, the Universal Postal Union, the International Telecommunication Union and the International Maritime Organization
A/AC.232/L.12	2	Letter dated 23 July 1990 from the Deputy Permanent Representative of Italy to the United Nations addressed to the Chairman
A/AC.232/CRP.4	2	Excerpt from the report of the Committee for Development Planning on its twenty-sixth session
A/AC.232/CRP.5	3	Contribution of the Group of 77 to the Chairman
A/AC.232/CRP.6	3	Contribution of the delegation of China to the Chairman
A/AC.232/CRP.7	3	Letter dated 6 August 1990 from the Ambassador and Permanent Representative of Canada to the United Nations addressed to the Chairman

---

UNITED
NATIONS

A

General Assembly

Distr.
LIMITED

A/AC.232/L.14
28 September 1990

ORIGINAL: ENGLISH

AD HOC COMMITTEE OF THE WHOLE FOR
THE PREPARATION OF THE INTERNATIONAL
DEVELOPMENT STRATEGY FOR THE FOURTH
UNITED NATIONS DEVELOPMENT DECADE
Resumed fourth session
17-26 September 1990
Agenda item 2

ELABORATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

International Development Strategy for the Fourth United Nations Development Decade

Draft text proposed by the Chairman on the basis of informal consultations

I. PREAMBLE

1. We, the States Members of the United Nations, adopt the following International Development Strategy and designate 1 January 1991 to 31 December 2000 as the Fourth United Nations Development Decade. The global consensus reached in the Declaration adopted at the eighteenth special session of the General Assembly (resolution S-18/3) provides the basis for this Strategy. We pledge ourselves individually and collectively to undertake the measures necessary to implement the Development Strategy.

2. The goals and objectives of the International Development Strategy for the Third United Nations Development Decade were for the most part unattained. Adverse and unanticipated developments in the world economy wiped out the premises on which growth had been expected. The early years of the 1980s witnessed a recession in the developed market economy countries. Although growth in these countries resumed in 1983 and was sustained at a moderate tempo virtually without inflation over the remainder of the decade, the period was one of marked imbalances, external as well as fiscal, and of relatively high unemployment. Growth rates slowed down in the countries of Eastern Europe, where the need for structural transformation became

increasingly manifest, resulting, by the end of the decade, in sweeping economic and political changes. World trade returned to a path of relatively rapid growth in the second half of the 1980s. But, for the developing countries, the external economic environment over the decade was generally characterized by shrinking resource flows, declining commodity prices, rising interest rates and increasing barriers to market access. During the 1980s overall growth in the developing countries averaged 3 per cent annually and per capita growth 1 per cent. Over the 1960s and 1970s, by comparison, overall growth in these countries averaged 5.5 per cent and per capita growth 3 per cent.

3. Despite this background, some developing countries, among them some of the biggest and the poorest, succeeded in maintaining a relatively fast tempo of growth and transformation. For most others, however, the decade was one of falling growth rates, declining living standards and deepening poverty. The debt crisis that erupted in 1982 led to the virtual cessation of net commercial bank lending. There was a negative transfer of net financial resources to the indebted countries whose debt-servicing capacity was further weakened as interest rates grew and terms of trade deteriorated. As a result, the overall growth of developing countries with debt-servicing difficulties was only 1.5 per cent during the period 1981-1990. The decade of the 1980s saw a widening of the gap between the rich and the poor countries. It also witnessed political tensions and conflicts, as well as natural and man-made disasters that were costly and disruptive.

4. If the 1990s are to be a decade of development, this record of unsatisfactory progress and performance needs to be changed. Projections by the agencies of the United Nations system unanimously suggest, however, that in the absence of major changes in policies, the coming decade too will be much like the previous one. While relatively rapid growth is foreseen for some countries of Asia, the prospect is one of continued stagnation for others, particularly in Africa and Latin America.

5. Such a prospect is fraught with danger. Growing populations and young and expanding work forces, as well as rising aspirations associated with the spread of education and the impact of communications, are imposing intense pressures on the political and social fabric of developing countries. Unless these pressures are relieved by decisive improvements in the pace and character of development, economic distress and political and social instability may spread, not only within national boundaries but beyond them as well, and may affect the peace and stability of the world as a whole. In the many developing countries where economic conditions stagnated or declined in the 1980s, absolute poverty became more widespread and conditions deteriorated in regard to nutrition and food security, job creation and education, health care and infant mortality, housing and sanitation. The erosion of living standards and social services brought mounting political unrest to many countries.

6. The interdependence of nations is rapidly becoming far more than a matter of links of trade and finance alone. There are strong trends towards greater openness in the movement of funds, people and ideas around the world. Over the past decade violence, social disorder and terrorism have become more common. Conflicts and upheavals lead to the movement of refugees and international migrants and give rise to problems of border control, admission and assimilation in receiving countries. The illicit traffic in narcotics links the poverty and social problems of the rich

countries to those of producers whose traditional crops no longer ensure them a living. Environmental threats and epidemics are often themselves of global scope. These and other related problems can only be aggravated by economic stresses and strains and by the failure of the development process in the developing countries. The entire international community, rich and poor countries alike, have thus a vital stake in ensuring that the 1990s are truly a decade of economic and social progress throughout the world.

7. The prospects for the 1990s, assessed on the basis of the continuation of present policies, can and must be changed. The reactivation and acceleration of the development process is in the interest of all countries. The developing countries can provide a strong stimulus to world trade, investment and the strength and stability of the world economy. They already account for a significant share of the markets of the developed countries. Far-reaching developments have taken place on the international scene that provide new opportunities for reversing the trends of the 1980s. The relaxation of international tensions offers an opportunity for reducing military spending world wide, for a reduction of the strains on national economies, and for the application of larger resources to the fight against world poverty. The waning of ideological conflicts is improving the climate of co-operation at all levels. There is no universal prescription for successful development. But a growing convergence of views is emerging in respect of effective approaches to economic and social development and in regard to the potential contributions to the development process of the private and public sectors, of individuals and enterprises, and of democratic rights and freedoms.

8. A strong stimulus to global co-operation is provided by the consciousness of the global consequences of environmental problems and their interaction with both development and the lack of development and by a growing awareness of the threats to the security of nations that could arise from frustrations and tensions in developing countries. Closer integration, in both Europe and North America, in prospect of the 1990s, has the potential to strengthen major economies and their capacity to support global economic growth if accompanied by openness to the outside world. The reform and restructuring of the economies of Eastern Europe and their integration into the world economy can contribute to the strength and dynamism of world trade. Closer co-operation and integration among the developing countries themselves also offer an opportunity to enhance the vigour of the development process. No less important, the rapid advances in science and technology and in global communications are opening up new vistas for productivity improvement, structural change and accelerated development.

9. These changes do not by themselves guarantee a reversal of the present trends and ensure that the development experience in the new decade will differ markedly from that of the 1980s. There are dangers, if the opportunities are not grasped, of the increasing marginalization of many developing countries in the world economy and of a weakening of the focus on development as an objective of international economic co-operation. But the changes offer a new context for decision-making and policy formulation and for approaches that could reverse the experience of the 1980s. They provide an opportunity for the formulation and implementation of an International Development Strategy that is aimed at releasing the great potential for development that exists in the developing countries and in the world economy.

10. The Declaration adopted at the eighteenth special session of the General Assembly contains a pledge that Member States "will endeavour to take all necessary steps to reverse the adverse trends of the 1980s, address the challenges of the 1990s and move into a more productive decade", recognizing that "such actions should take into account the responsibility of each country for its own development and should be in accordance with its capacity and its impact on the international economy". The important understanding reached at the special session provides the foundation for the following Strategy for international development. As in the 1980s, events now unforeseen will undoubtedly put their stamp on the coming decade. This Strategy is flexible. It seeks above all to spell out an agreed understanding on the issues and challenges, the actions and commitments, on the basis of principles for national and international action which will remain valid.

11. Countries have to adapt their national policies to facilitate open exchange and flexible responses to the changing world economy. Effective national policies have a critical role to play in achieving sustained, non-inflationary economic growth in all countries. Such policies should be supportive of investment as well as of efficient allocation and mobilization of resources in order to achieve durable growth.

12. It is against this background that Member States agree on the following goals and objectives for the Fourth United Nations Development Decade.

II. GOALS AND OBJECTIVES

13. The principal aim of the Strategy is to ensure that the 1990s are a decade of accelerated development in the developing countries and strengthened international co-operation. The decade should witness a significant improvement in the human condition in the developing countries and a reduction in the gap between rich and poor countries. It should be one in which ways are found for the world community to meet its needs without degrading the environment. The Strategy also has important social and political objectives. Development over the decade should enhance the participation of all men and women in economic and political life, protect cultural identities and assure to all the necessary means of survival. Each country is responsible for its own economic policies for development, in accordance with its specific situation and conditions, and for the life and well-being of all its citizens. The Strategy should help provide an environment that supports the evolution everywhere of political systems based on consent and respect for human rights, as well as social and economic rights, and of systems of justice that protect all citizens.

14. To achieve these fundamental aims six interrelated goals must be met. They are:

(a) A surge in the pace of economic growth in the developing countries;

(b) A development process which is responsive to social needs, seeks a significant reduction in extreme poverty, promotes the development and utilization of human resources and skills and is environmentally sound and sustainable;

(c) An improvement of the international systems of money, finance and trade so as to support the development process;

(d) A setting of strength and stability in the world economy and sound macro-economic management, nationally and internationally;

(e) A decisive strengthening of international development co-operation;

(f) A special effort to deal with the problems of the least developed countries, the weakest among the developing countries.

15. These goals and objectives pose a big challenge. They call for serious and committed efforts by all countries. The developing countries themselves have the responsibility for the great effort needed to mobilize the potential of their people, to modernize and diversify their economies and to set themselves ambitious targets to build the foundation on which development rests: technical and managerial skills, industrial and agricultural capability and effective government services. Human resources development, entrepreneurship and innovation, and the energetic application of science and technology, in a context of political freedom, respect for human rights, justice and equity, are all essential and relevant to growth and development. The Strategy has singled out a number of areas of special priority: the eradication of poverty and hunger, human resources and institutional development, population, the environment and food and agriculture. The pursuit of goals in these areas calls for resolute and vigorous action and for styles of development which establish a mutually reinforcing relationship between rapid economic growth and social objectives.

16. The efforts of the developing countries will, however, be easily thwarted by an unsupportive external environment. They will be thwarted if sudden external shocks decimate their national product and external revenues, as happened to many of them in the 1980s. All countries live in the international economic environment, but most developing countries remain imperfectly integrated in it and excessively vulnerable to its instability. Many are captives of external debt problems, of reduction in external resource flows, of sharply declining terms of trade and of mounting barriers to market access. Great obligations fall on the industrialized countries which influence the international economic environment and the functioning of the international economy and are partners in international co-operation for development. Great obligations fall also on the system of international organizations to extend and fulfil their role in the promotion of development. Developing countries can prosper only in a stable and progressive world economy and, conversely, the world community can have a safe and prosperous future only if economic, social and political progress in the developing countries is assured.

17. The attainment of the aims of the Strategy calls for more than marginal increases of growth rates. The developing countries must be enabled to generate, progressively, the resources needed to ensure productive employment for a fast-growing labour force, to overcome hunger, disease and ignorance and to raise living standards. The negative trends of the 1980s need to be reversed and conditions created for a kind of development that signifies a genuine transformation and does more than keep a growing population from the brink of

famine. The time has come to move beyond adjusting to the shocks of the 1980s and to lay the foundations for a new wave of development. For most developing countries growth rates must accelerate significantly during the decade. Growth objectives will vary from country to country. For the relatively few countries where growth in the 1980s was satisfactory, the aim would be to consolidate progress and ensure that it is sustained. In the many countries where growth was interrupted, the first requirement is a return to a path of expansion where economic growth does not merely keep pace with but well exceeds the growth of population. In the second half of the decade the foundations for higher rates of growth should have been established. On the basis of the experience of some countries it is considered that sustained growth at a rate of the order of 7 per cent would provide the necessary conditions for a genuine transformation of the economy, with rapid increases in productive employment and poverty eradication, and would generate the resources needed for the protection of the environment.

18. Higher rates of growth in developing countries will reflect progress in the several sectors of the economy and in the pursuit of social and other goals. Although the Strategy does not seek to establish comprehensive and interrelated sectoral targets to be attained by the developing countries as a whole, many of its elements have been addressed in the various parts of the United Nations system. They cover such areas, among others, as employment and health, women and children, industry and technology, agriculture and food, population, education and culture, shelter and settlement, telecommunications, transportation, including shipping, and the environment. Sectoral strategies and plans for significant achievements have been agreed upon by Governments. Translated into goals and objectives for both national and international efforts, ambitious and feasible targets of this kind have proved valuable in focusing policies and in monitoring progress. They also serve as reminders of the progress that can be achieved within a decade with strong political commitment and dedicated efforts.

19. The Strategy must look beyond the constraints of the moment. A decade is not enough to work miracles, but a true decade of development would make a great difference to the world situation on the eve of the next century. Serious development problems would still persist, but the debilitating deadlock of the recent past would have been broken for many developing countries. Their living standards would be rising instead of falling, the younger generation would find employment instead of being condemned to a desperate scurry for survival, and poverty and hunger would be pushed back instead of advancing. Revived investment would lay the foundation for growth in the next century and the energies and talents of the people in the developing countries would be harnessed for building their own future. The world as a whole would be safer and more prosperous than it will if present trends continue. A continued development failure in the next decade would be an invitation to world-wide disorder.

III. POLICIES AND MEASURES

20. The policies and measures needed to support and realize the Strategy must reflect the urgency of its goals and objectives. They must aim at the acceleration of growth and give attention to issues of special priority in the development process and must respond to special situations, including those of the least

developed countries. In each area there are important policies and measures that need to be adopted in a national context by the developing countries themselves. There are equally important policies and measures that have to be adopted by the developed countries in the context of international co-operation for development. The international community as a whole must also strengthen the systems that support the sound workings of the world economy and the development process. The International Development Strategy is thus of relevance to all countries, which must commit their best efforts to pursue its goals within the limits of their abilities and responsibilities. The Strategy does not require unrequited sacrifices on the part of any countries. To the extent that public resources must be used in the pursuit of its goals, they represent investments in a better future world, investments that are strikingly modest by the standard of present defence budgets.

A. The reactivation of development

1. Economic policy frameworks, external debt, development finance, international trade, commodities

21. The reactivation and acceleration of development requires both a dynamic and supportive international economic environment and determined policies at the national level. It will be frustrated in the absence of either of these requirements. The policies and measures needed for the 1990s must therefore cover both aspects. A vast improvement in the external economic environment is crucial. The development process will not gather momentum if the global economy lacks dynamism and stability and is beset with uncertainties. Neither will it gather momentum if the developing countries are weighed down by external indebtedness, if development finance is inadequate, if barriers restrict access to markets and if commodity prices and the terms of trade of developing countries remain depressed. The record of the 1980s was essentially negative on each of these counts and needs to be reversed. The policies and measures needed to create an international environment that is strongly supportive of national development efforts in the 1990s are thus a vital part of the Strategy. So too are national policies for development. Their main elements are set out below.

The economic policy framework

22. A surge in development during the decade of the 1990s can only take place within supportive frameworks of overall economic policy, both national and international. The sound macro-economic management of the world economy is of paramount importance. The major industrialized countries which broadly determine the international economic environment by their policies have a special responsibility to bring about a stable and predictable international economic environment in which development can succeed. The adverse development environment of the 1980s was in part a consequence of restrictive policies of the earlier years of the decade aimed at combating inflation at the expense of growth. The major industrialized countries influence world economic growth and the international economic environment profoundly. They should continue their efforts to promote sustained growth and to narrow imbalances in a manner that can benefit other countries. The co-ordination of macro-economic policies should take full account

of the interests and concerns of all countries, particularly the developing countries. Efforts should be made to enhance the effectiveness of multilateral surveillance aimed at correcting existing external and fiscal imbalances, promoting non-inflationary sustainable growth, lowering real rates of interest, and making exchange rates more stable and markets more accessible.

23. The macro-economic policies of the developed countries should take more credible account of the interests and concerns of the developing countries. During the 1980s, the developing countries were seriously affected by increases in real rates of interest and by frequent fluctuations in key exchange rates.

24. The economic policy framework of developing countries helps to shape the national environment for development and will need to take account of the objectives, priorities, and particular circumstances of each country. But the acceleration of development will require strenuous efforts on a number of fronts. There is a need for determined policies that aim at increasing domestic savings and raising investments, as well as at improving the returns to investment. National policies must succeed in containing inflationary pressures which often have adverse economic and social consequences that prove disruptive of development. This calls for monetary and fiscal discipline to promote price stability and external balance and the maintenance of realistic exchange rates without the need for repeated currency depreciations that have often had adverse consequences on social stability and the terms of trade of developing countries.

25. National policies must also be directed at mobilizing all the latent energies and impulses for development within the developing countries, at promoting efficiency in the allocation of resources and at taking advantage of the opportunities for trade, investment and scientific and technological progress provided by a changing global economic environment. The role of the public sector in the development process is essential. Impediments to progress caused by bureaucratic inefficiencies, strains on the administration, excessive controls and neglect of market conditions by public enterprises need to be removed. The policy environment should, within the context of national goals, encourage a creative contribution for the private sector, stimulate entrepreneurship and innovation and promote the participation of the people at all levels in the development process. It should provide scope for the operation of market forces and for realistic pricing as a means to greater efficiency and soundness in the allocation of resources. The national policy framework should also enable developing countries to take full advantage of the opportunities of international trade and foreign investment, as well as promote co-operation among themselves. The effectiveness and flexibility of national policy frameworks would be enhanced in a setting of improving political institutions and legal systems. This would be reinforced by conditions that would permit declining military expenditures.

External debt

26. For many developing countries, the reactivation of development would not take place without an early and durable solution to the problems of external indebtedness, taking into account the fact that for many developing countries, external debt burdens are a significant problem. The burden of debt-service payments on these countries has imposed severe constraints on their ability to

accelerate growth and eradicate poverty and has led to a contraction in imports, investment and consumption. External indebtedness emerged as a main factor in the economic stalemate in the developing countries; there was a large net transfer of resources from the developing to the developed countries, depriving the former of much-needed resources for development. Development during the decade of the 1990s should not be hampered by prolonged failure to resolve the international debt problems. Accordingly, a durable and broad solution to these problems should continue to be given urgent attention as we begin the decade of the 1990s. Innovative solutions need to be found and relief obtained in the initial years of the decade.

27. Recent initiatives and measures to reduce the stock and service of debt or to provide debt relief for developing countries should be broadly implemented. Relief measures should aim at the resumption of vigorous growth and development in these countries and should address all types of bilateral debt of debtor developing countries. Serious consideration should be given to continuing to work towards a growth-oriented solution of the problems of developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral institutions.

28. Finding a solution to the debt problems is the joint responsibility of debtor and creditor countries, commercial banks and multilateral financial institutions. Debtor countries should continue their efforts to attain efficiency and return to a path of sustained growth by adopting appropriate national economic policies. The creditor countries are encouraged to continue reviewing their tax policies and regulatory and accounting practices in order to reduce the obstacles that are hampering commercial debt and debt-service reduction operations. The multilateral financial institutions should endeavour to ascertain the overall debt relief that is needed. Creditor countries should support growth-oriented policies of debtor countries in order to facilitate the resumption of growth and development as well as the prompt restoration of creditworthiness of the debtor countries.

29. The measures agreed upon in the Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries, held in Paris from 3 to 14 September 1990, on the external debt problems of the least developed countries should be urgently and vigorously implemented.

30. The flexibility of the negotiation mechanism of the Paris Club should be increased, and there should be a widening of the criteria of eligibility for debt relief and of the scope of the Toronto initiative for dealing with the debt problem, taking into account, inter alia, the Houston Economic Declaration adopted in July 1990. Measures must also be taken to relieve the external debt burden of low-income and middle-income countries whose debts are owed mainly to official creditors.

31. The external debt of the developing countries includes debts owed to financial multilateral institutions. Means must continue to be found by these institutions to relieve the burdens that arise out of such debt in ways that safeguard the high standing of these institutions in financial markets, such as the World Bank Debt Reduction Facility (IDA) established in 1989 to provide debt relief to severely indebted low-income developing countries.

32. There is a close interrelationship between the external debt problem of the developing countries and the global economic environment. The debt-service burden is aggravated by rising interest rates, declining terms of trade, shrinking flows of external resources, protectionist barriers to trade and slow growth in the world economy and would be lessened by an improvement in these factors. Appropriate national policies enable debtor countries to take advantage of a marked improvement in the international economic environment, which is an integral part of a successful approach to the debt problem.

External development finance

33. Adequate resources, both domestic and external, are an essential condition for the reactivation of development. The developing countries need to mobilize domestic resources to the greatest extent possible and to implement determined policies and measures to this end. In the case of most developing countries, domestic savings contribute by far the larger part of the resources utilized for investment.

34. However, the essence of the development problem is that countries that are poor have limited scope for increasing savings by restraining levels of consumption that are already low. The savings efforts of the developing countries need therefore to be supplemented by external resources so as to raise investment to the levels needed for adequate economic growth.

35. Furthermore, the development process is generally dependent on the flow of imported goods and services that are needed for the growth of the economy. Where export earnings fall short of import needs, the development process would be frustrated in the absence of supplementary flows of external resources.

36. The external economic environment of the 1980s did not favour the flow of external resources to developing countries. Falling commodity prices and protectionist trends weakened the export earnings from many countries, while the flow of development finance was impeded by constraints on aid budgets in the donor countries and, after the debt crisis of 1982, the end of net commercial bank lending to developing countries. In the event, developing countries became less attractive for foreign investors. By the middle of the 1980s, the net transfer of resources to developing countries on the aggregate turned negative because of the burden of debt-service payments. This trend was further compounded by losses incurred by developing countries on account of the deterioration in their terms of trade.

37. These trends have to be reversed in the 1990s if development is to be accelerated. A surge in the tempo of development is virtually unimaginable if the flow of external resources is from the poorer to the richer countries rather than vice versa. This would make meaningless the concept of a decade of development endorsed by the international community. The new consensus on the need for a reactivation of development and on the priorities of development policies calls for a new commitment on the part of the international community to augment the flow of development finance to the levels needed to attain these agreed goals.

38. A reduction in the burden of debt-service payments, as discussed earlier, is an essential requirement for reversing the negative trends relating to the flow of external resources for developing countries. But there must also be significant improvements in the flow of finance for development from the major sources of such finance, that is, official bilateral assistance, commercial bank lending, direct private investment and the multilateral financial institutions. Such improvements, when taken as a whole, should be adequate for the requirements of development finance in the 1990s. Merely to restore a positive net transfer to the developing countries in a foreseeable future within which no substantial flows of commercial credits can be expected, net official flows of loans and grants from all sources, which remained virtually constant at $35 billion in the 1980s, would have to grow substantially in the first half of the 1990s.

39. Economic reforms and the integration of Eastern Europe into the world market will generate substantial new demands for resources. This enlargement of the international division of labour will be to the benefit of all, but such needs should be met without diversion of the flows needed by developing countries.

40. Official development assistance (ODA) must remain an essential source of concessional aid to the developing countries, particularly to the poorest and the least developed. Aid programmes of donor countries have in many cases remained at low levels and need to be substantially improved in the 1990s. ODA has on average remained at only half of the internationally agreed target of 0.7 per cent of their GNP. Donor countries should in the 1990s implement such undertakings as they have made to reach or surpass this target, as well as the targets for the least developed countries as adopted by the Second United Nations Conference on the Least Developed Countries. There should also be continued improvements in the quality of aid as well as in its utilization. The release of resources from reductions of military spending and the recovery in the industrial countries should ease the budgetary constraints of donor countries, and rising concern about the environment and world poverty should provide new opportunities for development co-operation.

41. New possibilities for increasing the flow of development finance in the 1990s should also be explored. These include proposals for devoting part of the resources released from disarmament to development and for recycling to the developing countries, through suitable mechanisms and modalities, a part of the payments surpluses of major developed countries.

42. Commercial bank lending, in the aftermath of the debt crisis, has ceased to be a major source of development finance. However, a resumption of commercial bank lending is relevant in the context of both solutions to the debt problem and the needs of the developing countries, particularly those that are not recipients of significant concessional aid. The reactivation and acceleration of growth and an improvement in the global economic environment will help restore confidence in the creditworthiness of borrowing countries and facilitate the return of flight capital. None the less innovative changes will also be needed to evolve instruments of lending that help cushion borrowing countries against a recurrence of debt-service problems.

43. Foreign direct investment, which is not generally debt creating, could play an increasingly important role as a source of development finance, particularly when international trade is growing and markets are expanding and new opportunities are opened up by scientific and technological developments. Transnational corporations are already channels for technology transfer, world trade and marketing. Many developing countries are seeking, to the extent compatible with national objectives, to establish a positive investment climate and to adopt appropriate investment codes. An international understanding between host and parent countries on a régime that would encourage private capital flows has been sought for a long time. It should be achieved as early as possible in the coming decade.

44. The need for development finance is unlikely to be met exclusively through the channels of ODA, commercial bank lending and direct private foreign investment. The multilateral financial institutions could and should play a major role in the 1990s in the finance of development. Despite the efforts that have been made to enlarge the resources of the institutions in order to meet new needs, they will in the 1990s have to be considerably expanded. Their resources have been falling behind the growth of the world economy and especially behind that of the world capital markets. The net lending of the World Bank and regional development banks was, by the late 1980s, negligible or negative for a large number of developing countries. These institutions should be enabled to serve the role of intermediation between developing countries and the international capital market, for which they were designed. The conditionality associated with the use of resources should be realistic and in accordance with the need to ensure effective utilization by recipient countries.

45. The international monetary and financial system must evolve in the 1990s and respond to the needs of a changing world which now calls for universal co-operation. It should become an increasingly important source of both development finance and international liquidity. It should provide greater stability and predictability in exchange rates. Developing countries should have greater influence in decisions that affect them vitally.

International trade

46. The goal of reactivating development requires a strongly supportive environment for international trade in general and for trade of the developing countries in particular over the decade of the 1990s. The international trading system is the pillar of an interdependent world economy and should establish conditions of openness and fairness in the interests of all countries. Growth and development and the solution of the pressing problems facing the developing countries are dependent on an open and credible multilateral trading system based on the principles of non-discrimination and transparency. Outward-looking development policies and export-based industrialization will not succeed if export markets are limited by restrictive barriers. The international trading system will function best in an environment of growth and dynamism in the world economy, an environment to which the system itself will contribute. But it needs to be strengthened further in the 1990s by specific actions and measures.

47. Policies and measures in the area of international trade must be directed, in the first place, at arresting and reversing trends, particularly apparent during

the 1980s, towards the erosion of the multilateral trading system as a result of unilateralism, bilateralism and protectionism. The international organizations in the field of trade should be strengthened to play their part in the achievement of this objective. Many new issues that reflect the changing nature of the world economy are pertinent to the evolution of the international trading system. But the strengthening of the trading system also requires the resolution of a number of ongoing issues, some of which are of special interest to developing countries and are crucial to the development process.

48. The acceleration of development in the decade of the 1990s should be supported by the following actions and measures in the field of international trade:

(a) Full and effective implementation of the commitment to halt and reverse protectionism, as undertaken in the Punta del Este Declaration. Protectionist trends of the 1980s have an adverse impact on the world economy and on the development process and performance of the developing countries and should not continue in the 1990s. Recourse to non-tariff barriers of various kinds, which has tended to increase in recent years, has affected the exports of developing countries;

(b) Trade liberalization and a sustained improvement in the access of developing country exports to the markets of both developing and developed countries through the reduction and removal of tariff and non-tariff barriers. Rapid structural adjustment in the developed countries in line with shifting comparative advantages will facilitate market access for the growing export capabilities of developing countries that arise in the course of their economic transformation. The rules of the international trading system recognize the need for differential and favourable treatment of developing countries in the context of other principles set out in the Punta del Este Declaration. This need should be reflected in the functioning of the system;

(c) Liberalization of trade in tropical products and natural resource-based products. This should include the removal of the escalation in tariffs on processed primary products;

(d) Bringing trade in textiles under the normal rules of the General Agreement on Tariffs and Trade (GATT);

(e) Reduction of barriers to trade in agricultural products, through unilateral, bilateral or multilateral processes;

(f) Effective implementation and improvement of the generalized system of preferences (GSP), expansion of product coverage, duty-free treatment and adherence to the principles of non-reciprocity and non-discrimination in its application;

(g) Measures to ensure that regional economic integration and the formation of trade blocs will not impede the growth of world trade and are in conformity with GATT rules. In particular, it is necessary to ensure that such developments do not result in additional barriers to developing country exports;

(h) Strict adherence to the rules and principles of GATT by all contracting parties.

49. Developing countries should endeavour to liberalize their trade régimes in ways consistent with their development objectives so as to improve the efficiency and flexibility of their economies and their participation in the world economy. They should create trade opportunities among themselves and promote more rapid industrialization, in particular through the effective implementation of the Global System of Trade Preferences (GSTP). There is great potential for economic integration among developing countries, and new efforts should be made during the 1990s to establish effective subregional and regional market arrangements among them.

50. The successful and balanced conclusion of the Uruguay Round, which aims at strengthening the international trading system, is crucial for progress in the 1990s. The treatment of new issues, hitherto outside the scope of the rules of the system, should take account of the development dimension and of the need for developing countries to build up their own capabilities. The dialogue and negotiations about required improvements in the international trading system should be continued and expanded in the 1990s. The dialogue should focus, inter alia, on an equitable balance of interest between developed and developing countries, the adaptation and reform of the system to ensure its relevance to the changing patterns of international trade, and the need to ensure greater co-ordination between international trade and financial policies.

Commodities

51. The terms of trade of the developing countries are an important aspect of the international economic environment for development. The depressed levels of commodity prices and earnings of developing countries from commodity exports were an important element in the slowing down of the development process in many developing countries in the 1980s. Technological change played some part in depressing the long-term trend of demand for certain commodities. But slow growth and instability in the world economy and persistently high supplies were factors of critical importance. Commodity exports will continue to play a key role over the 1990s in the economies of most developing countries and will remain crucial to their export earnings and livelihood. For these countries, the reactivation of development during the decade will prove difficult in the face of continued weakness in their commodity sectors and terms of trade and will require a flexible response on the supply side to changing market conditions. The Strategy for the 1990s must aim at a better functioning of commodity markets with greater stability, transparency and predictability. There is scope for improving international commodity policies in a number of ways.

52. The Integrated Programme for Commodities sought to improve the functioning of commodity markets through commodity agreements between producers and consumers, with support from the Common Fund for Commodities. The negotiation and renegotiation of such agreements proved difficult in the rapidly changing world economy of the 1980s and a number of existing agreements broke down. There has been hardly any lasting improvement in most commodity markets since then and the need for remedial action remains urgent. Commodity agreements between producers

and consumers that improve the stability and functioning of markets benefit both producers and consumers and should be negotiated or renegotiated in the 1990s. In this context, the first window of the Common Fund was established for the specific purpose of supporting international commodity agreements.

53. The diversification of the economies of developing countries and their increased participation in the processing, marketing and distribution of their commodities is of the utmost importance. The second window of the Common Fund for Commodities should be effectively used in this regard, particularly for technical assistance and for commodity-specific programmes for horizontal and vertical diversification, especially for the least developed countries. The diversification process should also be supported through the provision of improved market access for primary and processed commodities. Co-operation among developing countries could also play a significant role in the processing, transportation and marketing of commodities.

54. Compensatory financing is an important means of cushioning developing countries, in particular the least developed countries, against commodity-related shortfalls in export earnings. Existing compensatory financing schemes, particularly the Compensatory and Contingency Financing Facility of the International Monetary Fund (IMF), should be strengthened as appropriate.

2. Science and technology, industrial policies and measures, agriculture

55. A solution to the debt problem, adequate resource flows, and a supportive environment in the areas of international trade and commodity markets are among the prerequisites for the reactivation of development during the 1990s. But a sustained acceleration of the development process will not take place unless developing countries modernize and transform their industrial and agricultural sectors and participate in the progress made possible by advances in science and technology. National policies in these areas must reflect the particular situations. But many issues have strategic aspects that are widely relevant. These are set out in the sections to follow, as a guide both to national efforts and to the support that is possible and needed through international development co-operation. In virtually all areas of effort there is scope and need for supportive financial and technical assistance from donor Governments, multilateral lending institutions and international agencies. There are also possibilities and requirements for co-operation among developing countries.

Science and technology

56. The reactivation of development in the decade of the 1990s on a sustained base would be closely related to the ability of the developing countries to participate in the rapid advances in science and technology that have characterized the global economy in recent years and will continue in the future. Knowledge is today a crucial determinant of economic progress. The knowledge gap between the developed and the developing countries has been widening and policies and measures are needed to help narrow it over the coming decade. High priority must therefore be given by

the developing countries to raising their endogenous capacities and capabilities in this area.

57. Development and modernization in a setting of rapid advances in science and technology call for the establishment and strengthening of scientific cadres and for upgrading the skills of the work force. Developing countries, in their plans and policies, should emphasize policies and measures that enhance their scientific and technological capability, and devote adequate resources to this end. Such policies must range from the expansion and adaptation of their educational systems, including vocational education, to the building up of scientific and technological research and development capabilities.

58. Policies and measures in this field should seek to enhance the capacity of developing countries to utilize scientific and technological developments from abroad as well as to modify and adapt them to suit local conditions. Such policies should also aim at traditional technologies that are capable of being developed as a means of raising productivity.

59. Building the scientific and technological capability of developing countries calls for external assistance in research and development, in the establishment and strengthening of institutions in the area of science and technology, in the diffusion of new technologies and in the training of scientific cadres. Barriers to access to science and technology for development should be removed. Commercial channels for the import of technology, including direct foreign investment, are especially relevant and should be utilized on suitable terms and conditions. At the same time, the scope for non-commercial and concessional access to technologies for developing countries should be enlarged as much as possible.

60. The international community should also review ways in which the intellectual property system can promote more effectively the economic and technological development of all countries, particularly the developing countries, and in which intellectual property can be effectively protected. Work on the international code of conduct on the transfer of technology should also be completed.

61. There is considerable scope for co-operation among developing countries in the development of science and technology. The developing countries could help each other by the establishment of common institutions and centres for research and training, by the pursuit of joint projects for technological research and development, by the offer of facilities for education in science and technology among themselves and by the exchange of information. Science and technology must be given a prominent place in schemes for co-operation among developing countries at the global as well as at the regional and subregional levels.

Industrial policies and measures

62. An acceleration in the process of industrialization must be a central element in the economic transformation of most developing countries and in the reactivation of development in the 1990s. Given the limits to agriculture as a means of providing increased employment and additional external earnings, industrialization becomes indispensable for sustained economic growth and social development. It is also through industrialization that developing countries could make use of many of

the opportunities provided by advances in science and technology and by international markets. Policies and measures to promote industrialization must thus be a major plank in the Strategy for the 1990s.

63. Some notable exceptions apart, manufacturing industry stagnated in many developing countries during the 1980s. These countries experienced a chronic underutilization of existing industrial capacity, a lack of maintenance, import constraints and technological obsolescence. These problems were at times compounded by mismanagement. For these countries, the rehabilitation of their industrial sectors and an end to the underutilization of capacities must be objectives of priority. The rate of industrialization will obviously vary among countries but for many countries, especially for those where manufacturing industry was set back in the 1980s, historical experience suggests that the objective should be to raise it significantly, say, to 8-10 per cent.

64. Industrial progress requires investments directly related to increasing manufacturing capacity. It is also dependent on an improved and modernized infrastructure in such areas as communications and transport, power, and banking and finance. It is dependent too on a supportive policy framework in the fiscal and monetary fields. Not least, it is crucially dependent on managerial and technical skills and on a trained and efficient work-force. Industrial development must also make use of linkages with other sectors of the economy, particularly the rural sector, which could supply both materials and markets for industrial growth. These subjects must form an integral part of the policies and measures that developing countries need to take for industrial progress during the decade. But there are also certain other major issues of policy that are central to faster progress in industrialization and that may call for new orientations. These are broadly outlined below.

65. One such issue concerns the relative roles of the public and private sectors. In the past, many developing countries, anxious to speed up industrialization and faced with a weak and inexperienced private sector, sought to establish manufacturing enterprises owned and run by governmental entities and enjoying a high degree of protection. Experience has shown that there can be limitations to such an approach, particularly when administrative capacities are strained. State-run enterprises can be hampered by bureaucratic rigidities and inefficiencies and lack flexibility, competitiveness and innovative power. The capabilities of the private sector have grown in many countries and there is considerable scope for enhancing the contribution that private enterprise can make to a dynamic process of industrialization. Entrepreneurship should be encouraged at all levels for the setting up of industries. There is usually a strong potential for the development of medium- and small-scale industries that could also contribute to enlarging both urban and rural employment opportunities. Where industries are under public ownership, efficiency should be improved through measures that increase their flexibility and their ability to respond to changing conditions.

66. Another issue is that of industrial production for exports as against production for the domestic market and import substitution. The establishment of industries supplying domestic markets is desirable because of market proximity, linkages with other sectors and reduced dependence. But there are often limits to the scope for import-substituting industries, particularly where markets are

small. In these cases, policies based excessively on import substitution supported by highly protective barriers result in high cost and inefficiency. Production for export is a means of overcoming these limitations. It becomes a virtual imperative where the scope for additional agricultural exports is limited. It is also a means of keeping step with technological progress and of closer integration with global markets, since exports call for efficiency and competitiveness.

67. The goal of industrialization calls for the building up of domestic ownership and national managerial and technological capabilities. But direct foreign investment can make an important contribution to industrialization. Such investment not only provides additional resources, but is also a means of having access to modern technologies, skills and markets. The rules and regulations of developing countries should encourage direct foreign investment in ways in which mutual interests are furthered. The constraints to the flow of external resources from other sources give added importance to direct foreign investment as a means of augmenting this flow.

68. The progress of industrialization in developing countries, and of outward-looking development in general, is closely related to openness and non-discrimination in international markets. The implementation of the measures needed in this area, as set out in the section on international trade, such as the lowering of tariff and non-tariff barriers and measures to further structural adjustment in the developed countries, form an important part of the strategy for industrialization.

69. Industrial progress in developing countries can also be significantly enhanced through co-operation among such countries at the global, regional and subregional levels. The integration of markets of developing countries, the setting up of joint ventures, and programmes for training and upgrading skills must be among the objectives of policies and measures to promote industrialization during the 1990s.

Agriculture

70. For many countries, agriculture, with its large contribution to the national economy, will remain the principal means for the revitalization of economic growth during the 1990s. To the extent that countries depend on the export of agricultural commodities to world markets, progress will be closely related to the implementation of the measures outlined earlier for strengthening international trade in commodities. But agricultural production in the developing countries also meets the requirements of production for the domestic market to meet the need for food and other products of both the farming and the non-farming population. The acceleration of development calls, therefore, for a special focus on policies and measures aimed at raising agricultural output and at strengthening food security and self-reliance in food.

71. The transition from a traditional system of cultivation, sometimes at a subsistence level, to modernized agriculture should be the underlying aim of agricultural policy. In many developing countries, the pressures on available land are already high and there are limits to what can be achieved through an extension of the area under cultivation. Where such possibilities remain, measures could be taken to bring new land under cultivation through programmes of irrigation and land

settlement, provided that adverse environmental consequences, such as could arise from excessive forest clearing, are avoided. In great part, however, progress in agriculture is heavily dependent on raising productivity on lands already under cultivation. The scope for this could be large given the gap, often wide, between current productivity and technical potential.

72. There are several important components of the policies and measures needed for raising agricultural production and productivity. An annual rate of growth of the order of 4 per cent on average in food production would make a major contribution to food security and support agro-industrial development. But the great diversity of country situations means that there is no single set of policies of general applicability. Success will often depend on the removal of key constraints, which vary greatly from country to country. However, policies and measures based on the considerations set out below will be of broad applicability.

73. Success in reaching the potential for raising agricultural productivity requires a farming population possessed of the knowledge, the incentives, and the means required for this purpose. Improving the knowledge and skills of farmers calls for the diffusion of technology relating to agricultural practices and the use of improved varieties, as well as for the continued development and adaptation of technology through research. This underlines the importance both of effective extension efforts and services and of measures to enhance the capabilities of research institutions. The successful adoption of better methods and technologies is crucially dependent on incentives that link the use of superior methods to prospects for farmers to improve their standard of living. The price incentive is especially important, particularly in the context of the transition from subsistence farming to modernized agriculture. Policies that depress the prices of farm output in order to protect or subsidize living costs for the population at large are often counter-productive. A policy framework that permits more realistic prices that better reflect market situations often yields better results. Such a framework must also remove the shortcomings in marketing, distribution and storage that lead to an excessive gap between retail and farm prices.

74. Farmers must also have access to the means of raising agricultural productivity. Economic units of land and secure systems of tenure are often prerequisites for agricultural progress. Facilities for irrigation and a strong infrastructure of transport, communications and power, as well as other services that overcome the remoteness of rural areas, are among the others. A strong network of rural banking and credit is also vital to help farmers procure inputs and make the investments needed for raising production.

75. Policies and measures aimed at raising agricultural production need to take account of the linkages between agriculture and other sectors of the economy. The link with the industrial sector is especially important, since industry is a source of farm inputs and of consumer goods for the rural population as well as a source of demand for agricultural products. Agro-industries located in rural areas can provide both a stimulus to agriculture and a means of employment for underutilized labour. In a more general sense, there is also a close link between the productivity of farmers and the extent and quality of educational and health services and of housing available to the rural population.

76. There is often considerable potential for improving the contribution of women to agricultural progress. In most developing countries, women form an important part of the active farming population and of the agricultural labour force. Policies and measures to increase their productivity and involve them more in key decisions should raise their contribution to output and their incomes. Schemes for rural self-help and for the mobilization of labour for community development and for the upgrading and maintenance of the rural infrastructure can also play an important part in the drive for agricultural progress.

77. A number of steps are also needed at the international level. Finance for investments in the agricultural sector and technical assistance should form part of programmes for development co-operation, both bilateral and multilateral. Developing countries should have access to advances in such fields as biotechnology and genetic engineering, free of restraints and at appropriate costs. The removal of existing distortions in international trade in agriculture is also essential. In particular, the achievement of this objective requires that there be substantial and progressive reduction in support and protection of agriculture - covering internal régimes, market access and export subsidies - in order to avoid inflicting large losses on the more efficient producers, especially in developing countries. Special importance is attached to the successful outcome and effective follow-up of the Uruguay Round in the area of agriculture, tropical products and natural resource-based products, taking account of the needs of the net food-importing developing countries.

B. Priority aspects of development

78. An acceleration of the rate of economic growth is an essential objective for the 1990s. It is a condition for expanding the resource base of the developing countries and hence for economic, technological and social transformation. But economic growth by itself does not ensure that its benefits will be equitably distributed or that the physical environment will be protected and improved. Yet, if poverty persists or increases and there is neglect of the human condition, political and social strains will grow and endanger stability in the 1990s and beyond. Similarly, if environmental damage and degradation increases, the natural resource base of the developing countries and the welfare of populations will be harmed and progress in development itself will become unsustainable. The Strategy for the 1990s must therefore give special attention to the policies and measures needed in the areas of poverty alleviation, human resource development and the environment. It must also pay special attention to the related areas of population growth and the elimination of hunger. The decade of the 1990s must witness a significant improvement of the human condition everywhere and establish a mutually reinforcing relationship between economic growth and human welfare. The need to strengthen this relationship is, in fact, a principal theme of the present Strategy. It has not only to be reflected in national efforts but assisted by the international community through financial and technical support.

1. Eradication of poverty and hunger

79. The goal of eradicating poverty calls for policies and measures on two broad fronts. It calls, in the first place, for a style of development in which economic progress is distributed as widely as possible and not concentrated excessively on a few localities and sectors or limited groups of the population. It also requires, to the extent that poor and vulnerable sections of the population are not reached by this process, special and supplementary programmes and actions that are directly targeted to bring benefits to these groups.

80. The generation of employment and incomes through productive occupation is a major means of alleviating poverty since the absence of an adequate income through landlessness or the lack of opportunities for work is a prime cause of poverty. Development programmes and processes that provide employment on a large scale are thus an essential need. The sectors and the regions in which development takes place and the technologies adopted must be such as to have a significant impact on employment. This must be an important consideration in establishing the balance between growth in the agricultural, industrial, construction and other service sectors. The creation of employment and incomes through the activation of the informal sector of the economy and through the expansion of self-employment activities should also be an important part of policies to improve incomes and alleviate poverty.

81. Progress in development, even when occuring on a broad front, might still bypass significantly large sections of the population, particularly the poorest and most vulnerable. Special programmes and measures that are aimed directly at increasing their real incomes are thus likely to prove necessary. These could include the provision of cheap and subsidized food and other essentials as well as income support for the poorest and the destitute. They could also include programmes of training and of mobilization of labour for local self-help and community development as well as for production. Such programmes establish a link between poverty eradication and productive activities. The provision of facilities at low cost in such areas as health, education and transport is also a means of raising the real income of the poor. Measures to relieve homelessness or poor housing should be another major aspect of poverty eradication programmes. The increase in the number of homeless people in many developing countries has been one of the serious manifestations of the deteriorating human condition, and the improvement of human settlements as agreed in the Global Strategy for Shelter to the Year 2000 should be part of the crucial effort in this field.

82. Women and children are a particularly vulnerable group in situations of poverty. Policies and measures for poverty alleviation should have a particular focus on their needs and give special attention to maternal and child health care and to nutrition. Food security is also a major aspect of the fight against hunger and poverty and calls for an integrated approach to food production and consumption.

83. Policies and measures that are specifically directed at poverty eradication must be carefully targeted on that part of the population that is in need. Subsidized facilities and services that are general in scope and bring benefits to groups that are not in need are normally costly and impose excessive strains on the limited resources available to developing countries. Subsidies of a general nature

could also contribute towards distorting prices and may, as in the case of food, have adverse effects on incentives for domestic production.

84. Developing countries need not await the transformation in per capita incomes to do away with the extremes of poverty, particularly hunger and destitution. Some developing countries with low per capita incomes have succeeded in obtaining relatively good results in the social field. But in the long run, economic growth is needed to raise living standards and eliminate poverty. Long periods of stagnation or low growth might make unsustainable the initial gains in the social area.

85. The struggle against poverty is the shared responsibility of all countries. Poverty eradication, as well as broad humanitarian and social goals, such as advancement in the quality of development, broad participation, larger choice and better opportunities for all men and women, needs and should have the full support of the international community. A substantial reduction in hunger and malnutrition is within reach. There is considerable scope for international food aid going beyond emergency situations. Member States must give effect to agreements already reached to make all efforts to meet four goals during the decade:

(a) To eliminate starvation and death caused by famine;

(b) To reduce malnutrition and mortality among children substantially;

(c) To reduce chronic hunger tangibly;

(d) To eliminate major nutritional diseases.

2. Human resource and institutional development

86. Human resource development has the closest of interactions with the process of economic and technological transformation. In a broad sense, it covers a wide range of activities that release the creative potential of the individual and determine the style of development. Each country has to choose its approach to human resource and institutional development in accordance with its national priorities, values, traditions and cultures, and stage of development. Education and health are, however, essential aspects of human resource development and must receive special attention.

87. Education is both a basic human need and a prerequisite for the achievement of the other objectives of development. The educational skills of the labour force largely determine a country's competitive strength and its capacity to adjust to new and sophisticated technologies. In a number of developing countries, expenditure on education declined in absolute or relative terms during the 1980s against the background of a worsening economic situation, and there was a resulting deterioration in the quality of education. Attention needs to be given, in the light of country situations, to each of the aspects of the educational system. The eradication of illiteracy needs special emphasis, including its eradication among women. A target of reducing adult illiteracy by at least one half during the decade has already been set by the international community. But a sound base of

primary and secondary education is a basic requirement. Policies and measures in this area must provide for the relatively rapid increase in the population of school age that accompanies the growth of population common to most developing countries. In fact, the goals for the decade of providing universal access to basic education and of the completion of primary education by at least 80 per cent of the school-age group have been internationally accepted. This calls for adequate resources, both financial and administrative, capital and current, for the provision of facilities and materials and for the recruitment of teachers. At the same time there is the need to ensure that the expansion of the educational base does not result in a deterioration of quality and is supported by policies to train and retain teachers. The content of education at the primary and secondary level must also be relevant to a country's need for economic, social and political progress. In the framework of action to meet basic learning needs, it is important to ensure the speedy implementation of the World Declaration on Education for All, adopted by the World Conference on Education for All, held in Thailand in March 1990.

88. The increasingly important role that knowledge plays in determining economic progress in a rapidly changing global environment of science and technology gives a new urgency to upgrading and transforming the scientific, technological, entrepreneurial and managerial aptitudes of the population. This calls for an emphasis on higher education and on the development of the institutional base for the training of skilled cadres as well as for vocational training. It also calls for policies and incentives that are conducive to retaining skilled personnel in their countries on a voluntary basis. The skills of the work force at all levels may well be the key to progress in the 1990s and beyond.

89. In the field of health services, special attention needs to be given to primary health care and the prevention of chronic diseases as well as to general development objectives such as sanitation, safe drinking water and nutrition. This will help relieve the strains on the curative medical system to which increasing numbers tend to have recourse as a result of population growth, education and social change. Policies and measures in the field of health need to give special attention to women and children. Several targets for the decade have already been agreed upon by the international community. These include the reduction of under-five mortality rates by one third or more; the reduction of malnutrition among children under five by one half; and the halving of maternal mortality rates. The participatory and environmental aspects of health care should be emphasized in the design of programmes. There should also be a special focus on preventing the spread of epidemics and other diseases that are endemic in many developing countries. Urgent steps need also to be taken for the control and prevention of acquired immunodeficiency syndrome (AIDS).

90. As in the field of education, policies and measures for health must pay increased attention to institution-building and the training of skilled health personnel at all levels. Here again conditions have to be created that encourage the retention of skilled cadres.

91. Human resource development could also be promoted by co-operation among developing countries. Developing countries could benefit by opening to each other their centres of quality for higher education and training. They could benefit by

the exchange of teachers and of personnel in the field of health and by the sharing of experiences. They could also profit from the joint operation and management of institutions for human resource development, particularly at the regional and subregional levels.

92. The developed countries have an important role to play in promoting human resource and institutional development. Apart from investment support and technical assistance for the supply and use of equipment and for curricula development, a major contribution can be made by the developed countries through the provision of facilities for the training of skilled cadres. Education abroad has always played an important part in the training of skills in developing countries. But in the 1990s and thereafter its role can be vastly enhanced because of rapid developments in the field of knowledge and the urgent need of the developing countries for larger cadres of skilled personnel. At the same time, the developing countries should be assisted in building up their own institutions for training and higher education. As development progresses, there is need for them to enhance their self-reliance in this field.

93. Human rights and human development are ends in themselves. All human resource activities are mutually reinforcing. Careful analysis, policy design and effective management in education and health programmes will be required, and the support of agencies of the United Nations system should play a vital role. Given the interrelated nature of human resource development activities, inter-agency co-ordination in education, health, nutrition, housing, employment, child welfare and the advancement of women requires close attention. There should be programmes to integrate the elderly in development.

3. Population

94. Population programmes should be integrated with economic goals and strategies. The 1990s will see the largest increase in the population of developing countries of any decade in history, an increase of well over 20 per cent. The decade will also witness the aging of the world population. The demographic situation varies among countries but in most developing countries a lowering of the rate of population growth will relieve the strains on the social situation, economic growth, the environment and the use of natural resources. Population growth rates are in fact beginning to decline in a number of developing countries. Over half of the developing countries are pursuing active policies to reduce the rate of population growth, and important lessons have been learned from this experience. The education of women, improved maternity and child care, and family planning services suited to the socio-cultural environment of individual countries have proved to be effective and successful instruments of population programmes and should be further pursued and strengthened. Assistance to developing countries in the area of population should be increased during the 1990s. Developing countries should also allocate adequate resources to population programmes.

4. Environment

95. The current threat to the environment is the common concern of all. All countries should take effective action for the protection and enhancement of the environment in accordance with their respective capacities and responsibilities and taking into account the specific needs of developing countries. As the major sources of pollution, the developed countries have the main responsibility for taking appropriate measures urgently. The economic growth and development of developing countries are essential in order to address problems of the degradation and protection of the environment. New and additional financial resources will have to be channelled to developing countries. Effective modalities for favourable access to, and transfer of, environmentally sound technologies, in particular to developing countries, including on concessional and preferential terms, should be examined.

96. The General Assembly, in its resolution 44/228, has set important goals for the United Nations Conference on Environment and Development in 1992. These goals need to be realized.

IV. SPECIAL SITUATIONS, INCLUDING THOSE OF THE LEAST DEVELOPED COUNTRIES

97. Over two decades ago, the United Nations adopted criteria to identify the countries that were economically the weakest among the developing countries and that faced the most recalcitrant structural problems. It was recognized that these countries, designated the least developed countries, needed special support measures from the international community in their efforts to transform their economies and to improve their prospects for sustained development. In 1981, a special United Nations Conference on the Least Developed Countries adopted the Substantial New Programme of Action for the 1980s for the Least Developed Countries, in which a number of measures to support the development process in these countries were agreed upon. The measures included the setting of a target of 0.15 per cent of the GNP of the developed countries for concessional aid to the least developed countries.

98. However, these very countries, and others that were among the poorest and the weakest, were the hardest hit by the difficulties that arose in the 1980s on the world economic scene. In terms of the criteria initially adopted, the number of countries falling into the category of "least developed countries" - instead of declining as a result of successful development - actually increased from 24 in 1972 to 41 in 1990. The measures taken by the international community to support the least developed countries did not suffice to offset the adverse factors that affected their development experience in the 1980s. In the light of developments in the world economy there is a risk that these countries will become increasingly marginalized; this risk needs urgently to be avoided.

99. The Second United Nations Conference on the Least Developed Countries was held in Paris in September 1990. The Conference stressed the principle of shared responsibility and strengthened partnership for the growth and development of the least developed countries, and called for mutual commitments and strengthened joint

efforts on the part of both the least developed countries and their development partners. The programme of action adopted at the Conference needs to be fully implemented. Broad requirements have been set out. The present ODA targets, as agreed at the Conference, should, in the first instance, be met. Special treatment is needed to facilitate access of exports of the least developed countries to major markets. Compensatory financing for export earnings shortfalls should be enhanced. It was agreed that, as foreseen in Trade and Development Board resolution 165 (S-IX) of 11 March 1978, bilateral concessional debt of the least developed countries should be written off; the Paris Club should consider the application of the Toronto terms to all the least developed countries; the Toronto options should be reviewed in accordance with the Houston Summit of 1990; and proposals for further debt relief should be examined. All financial institutions, particularly those providing non-concessional credits, are invited to give serious attention to measures to alleviate the burden of the debt that least developed countries owe to them.

100. The special development problems of the land-locked developing countries and of the island developing countries also call for special attention. Measures are needed to lift the constraints on their development arising from the special transportation and communications problems they face, from their limited internal markets and from their high degree of vulnerability to environmental damage and natural disasters.

101. These measures should aim at reducing the cost to those countries of access to and from the sea and world markets, improving the quality, efficiency and reliability of transit-transport facilities and diversifying their economies.

V. ROLE OF THE UNITED NATIONS SYSTEM

102. The organs, organizations and bodies of the United Nations system have a special responsibility for the pursuit of the goals and objectives of the present Strategy. The system has played a unique role in bringing the development issue to the attention of the international community. Through its studies on the several aspects of the development problem, both national and international, through the international conferences it has convened on major issues, through the understandings, conventions and agreements it has helped to negotiate - some of them of a legal or quasi-legal character - and not least through the technical assistance it has provided to developing countries, it has made an invaluable contribution to ideas, policies and actions in the realm of development. This role must not only continue but must be strengthened and expanded in the 1990s with the support and encouragement of member States.

103. Virtually every aspect of the Strategy falls within the areas of concern of the various parts of the United Nations system. In many such areas and sectors, goals and targets for the coming decade and the actions needed for realizing them have already been agreed upon by member States and are crucial to the implementation of the Strategy. The Strategy also provides guidelines for further work on the evolution of policies and programmes and on seeking agreements for new actions. Major conferences of the United Nations system are already scheduled for

the initial years and there will be others in the period beyond. These will be important occasions for reaching agreements that give more specific content to the actions and commitments needed to realize the goals of the Strategy.

104. The organs, organizations and bodies of the United Nations system have thus a vital role to play in furthering the analytical work of relevance to the elaboration and implementation of the Strategy, in promoting and securing the needed international co-operation and in providing technical assistance. The work of the international system should be given greater coherence by closer inter-agency co-operation and co-ordination and by organizational measures that strengthen the contribution of the system to development. The Strategy provides an initial framework for these objectives. The review of the functioning of the United Nations system should continue to be pursued with this aim in view. All its member States have a responsibility for making it more effective and efficient.

105. The Secretary-General is encouraged to continue, by such means as he deems appropriate, his efforts to facilitate the solution to the debt problems of developing countries, taking into account all relevant proposals. In addition, the relevant organs and bodies of the United Nations system should undertake follow-up measures pertaining to the Uruguay Round of multilateral trade negotiations.

106. The growing interdependence in the world economy and the increasing linkages between various issues, such as money and finance, trade and development, give a new urgency to the co-ordination of macro-economic policies and management at the international level. The United Nations should play its role in this area as envisaged in the provisions of the Charter relating to the functions of the Economic and Social Council.

VI. REVIEW AND APPRAISAL

107. A process of review and appraisal should be an integral part of the International Development Strategy so as to ensure its effective implementation. This process should be undertaken at the national level by the respective member States. But it needs also to be undertaken within the United Nations system at the global, sectoral and regional levels. It should provide an occasion to give the necessary political stimulus, in the light of evolving needs and developments. It must be expected that conditions in the course of the decade will change in ways that cannot now be foreseen, and there is thus a case for permanent monitoring and periodic review, allowing, when necessary, for amendments and revisions to the Strategy.

108. The recent events in the Gulf area are having repercussions on the immediate economic outlook of many countries, particularly in energy and trade balances. While it is not possible, in view of the uncertainties to take account of them at present, it is important to keep the situation under review to determine whether in the context of the Strategy additional measures are required.

109. The organs, organizations and bodies of the United Nations system will play an important catalytic role in the implementation of the goals and objectives of the present International Development Strategy in their respective areas of competence.

110. The machinery for continued monitoring exists: the various agencies of the United Nations system and the regional commissions issue annual reports which in effect monitor the state of progress in virtually every area of international development. Governments participate in numerous debates in the specialized agencies, the Economic and Social Council and the General Assembly, in which the state of progress in international development is a major theme. In this sense, review and appraisal is already built into the procedures of the United Nations.

111. Nevertheless, review and appraisal relating directly to the progress of the Strategy as a whole is also needed on a periodic basis. This should be carried out biennially by the General Assembly through the Economic and Social Council, with an item on the implementation of the Strategy included in their agenda. The Secretary-General should submit appropriate recommendations in order to assist this process of review and appraisal.

UNITED NATIONS

A

General Assembly

Distr.
LIMITED

A/AC.232/L.14/Rev.1
8 October 1990

ORIGINAL: ENGLISH

AD HOC COMMITTEE OF THE WHOLE FOR
THE PREPARATION OF THE INTERNATIONAL
DEVELOPMENT STRATEGY FOR THE FOURTH
UNITED NATIONS DEVELOPMENT DECADE
Resumed fourth session
17-26 September 1990
Agenda item 2

ELABORATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE FOURTH UNITED NATIONS DEVELOPMENT DECADE

International Development Strategy for the Fourth United Nations Development Decade

Revised draft text proposed by the Chairman on the basis of informal consultations

I. PREAMBLE

1. We, the States Members of the United Nations, adopt the following International Development Strategy and designate 1 January 1991 to 31 December 2000 as the Fourth United Nations Development Decade. The global consensus reached in the Declaration adopted at the eighteenth special session of the General Assembly (resolution S-18/3) provides the basis for this Strategy. We pledge ourselves individually and collectively to undertake the measures necessary to implement the Development Strategy.

2. The goals and objectives of the International Development Strategy for the Third United Nations Development Decade were for the most part unattained. Adverse and unanticipated developments in the world economy wiped out the premises on which growth had been expected. The early years of the 1980s witnessed a recession in the developed market economy countries. Although growth in these countries resumed in 1983 and was sustained at a moderate tempo virtually without inflation over the remainder of the decade, the period was one of marked imbalances, external as well as fiscal, and of relatively high unemployment. Growth rates slowed down in the countries of Eastern Europe, where the need for structural transformation became

increasingly manifest, resulting, by the end of the decade, in sweeping economic and political changes. World trade returned to a path of relatively rapid growth in the second half of the 1980s. But, for the developing countries, the external economic environment over the decade was generally characterized by shrinking resource flows, declining commodity prices, rising interest rates and increasing barriers to market access. During the 1980s overall growth in the developing countries averaged 3 per cent annually and per capita growth 1 per cent. Over the 1960s and 1970s, by comparison, overall growth in these countries averaged 5.5 per cent and per capita growth 3 per cent.

3. Despite this background, some developing countries, among them some of the biggest and the poorest, succeeded in maintaining a relatively fast tempo of growth and transformation. For most others, however, the decade was one of falling growth rates, declining living standards and deepening poverty. The debt crisis that erupted in 1982 led to the virtual cessation of net commercial bank lending. There was a negative transfer of net financial resources to the indebted countries whose debt-servicing capacity was further weakened as interest rates grew and terms of trade deteriorated. As a result, the overall growth of developing countries with debt-servicing difficulties was only 1.5 per cent during the period 1981-1990. The decade of the 1980s saw a widening of the gap between the rich and the poor countries. It also witnessed political tensions and conflicts, as well as natural and man-made disasters that were costly and disruptive.

4. If the 1990s are to be a decade of development, this record of unsatisfactory progress and performance needs to be changed. Projections by the agencies of the United Nations system unanimously suggest, however, that in the absence of major changes in policies, the coming decade too will be much like the previous one. While relatively rapid growth is foreseen for some countries of Asia, the prospect is one of continued stagnation for others, particularly in Africa and Latin America.

5. Such a prospect is fraught with danger. Growing populations and young and expanding work forces, as well as rising aspirations associated with the spread of education and the impact of communications, are imposing intense pressures on the political and social fabric of developing countries. Unless these pressures are relieved by decisive improvements in the pace and character of development, economic distress and political and social instability may spread, not only within national boundaries but beyond them as well, and may affect the peace and stability of the world as a whole. In the many developing countries where economic conditions stagnated or declined in the 1980s, absolute poverty became more widespread and conditions deteriorated in regard to nutrition and food security, job creation and education, health care and infant mortality, housing and sanitation. The erosion of living standards and social services brought mounting political unrest to many countries.

6. The interdependence of nations is rapidly becoming far more than a matter of links of trade and finance alone. There are strong trends towards greater openness in the movement of funds, people and ideas around the world. Over the past decade violence, social disorder and terrorism have become more common. Conflicts and upheavals lead to the movement of refugees and international migrants and give rise to problems of border control, admission and assimilation in receiving countries. The illicit traffic in narcotics links the poverty and social problems of the rich

countries to those of producers whose traditional crops no longer ensure them a living. Environmental threats and epidemics are often themselves of global scope. These and other related problems can only be aggravated by economic stresses and strains and by the failure of the development process in the developing countries. The entire international community, rich and poor countries alike, have thus a vital stake in ensuring that the 1990s are truly a decade of economic and social progress throughout the world.

7. The prospects for the 1990s, assessed on the basis of the continuation of present policies, can and must be changed. The reactivation and acceleration of the development process is in the interest of all countries. The developing countries can provide a strong stimulus to world trade, investment and the strength and stability of the world economy. They already account for a significant share of the markets of the developed countries. Far-reaching developments have taken place on the international scene that provide new opportunities for reversing the trends of the 1980s. The relaxation of international tensions offers an opportunity for reducing military spending world wide, for a reduction of the strains on national economies, and for the application of larger resources to the fight against world poverty. The waning of ideological conflicts is improving the climate of co-operation at all levels. There is no universal prescription for successful development. But a growing convergence of views is emerging in respect of effective approaches to economic and social development and in regard to the potential contributions to the development process of the private and public sectors, of individuals and enterprises, and of democratic rights and freedoms.

8. A strong stimulus to global co-operation is provided by the consciousness of the global consequences of environmental problems and their interaction with both development and the lack of development and by a growing awareness of the threats to the security of nations that could arise from frustrations and tensions in developing countries. Closer integration, in both Europe and North America, in prospect of the 1990s, has the potential to strengthen major economies and their capacity to support global economic growth if accompanied by openness to the outside world. The reform and restructuring of the economies of Eastern Europe and their integration into the world economy can contribute to the strength and dynamism of world trade. Closer co-operation and integration among the developing countries themselves also offer an opportunity to enhance the vigour of the development process. No less important, the rapid advances in science and technology and in global communications are opening up new vistas for productivity improvement, structural change and accelerated development.

9. These changes do not by themselves guarantee a reversal of the present trends and ensure that the development experience in the new decade will differ markedly from that of the 1980s. There are dangers, if the opportunities are not grasped, of the increasing marginalization of many developing countries in the world economy and of a weakening of the focus on development as an objective of international economic co-operation. But the changes offer a new context for decision-making and policy formulation and for approaches that could reverse the experience of the 1980s. They provide an opportunity for the formulation and implementation of an International Development Strategy that is aimed at releasing the great potential for development that exists in the developing countries and in the world economy.

10. The Declaration adopted at the eighteenth special session of the General Assembly contains a pledge that Member States "will endeavour to take all necessary steps to reverse the adverse trends of the 1980s, address the challenges of the 1990s and move into a more productive decade", recognizing that "such actions should take into account the responsibility of each country for its own development and should be in accordance with its capacity and its impact on the international economy". As in the 1980s, events now unforeseen will undoubtedly put their stamp on the coming decade. This Strategy is flexible. It seeks above all to spell out an agreed understanding on the issues and challenges, the actions and commitments, on the basis of principles for national and international action which will remain valid.

11. Countries have to adapt their national policies to facilitate open exchange and flexible responses to the changing world economy. Effective national policies have a critical role to play in achieving sustained, non-inflationary economic growth in all countries. Such policies should be supportive of investment as well as of efficient allocation and mobilization of resources in order to achieve durable growth.

12. It is against this background that Member States agree on the following goals and objectives for the Fourth United Nations Development Decade.

II. GOALS AND OBJECTIVES

13. The principal aim of the Strategy is to ensure that the 1990s are a decade of accelerated development in the developing countries and strengthened international co-operation. The decade should witness a significant improvement in the human condition in the developing countries and a reduction in the gap between rich and poor countries. It should be one in which ways are found for the world community to meet its needs without degrading the environment. The Strategy also has important social and political objectives. Development over the decade should enhance the participation of all men and women in economic and political life, protect cultural identities and assure to all the necessary means of survival. Each country is responsible for its own economic policies for development, in accordance with its specific situation and conditions, and for the life and well-being of all its citizens. The Strategy should help provide an environment that supports the evolution everywhere of political systems based on consent and respect for human rights, as well as social and economic rights, and of systems of justice that protect all citizens.

14. To achieve these fundamental aims six interrelated goals must be met. They are:

(a) A surge in the pace of economic growth in the developing countries;

(b) A development process which is responsive to social needs, seeks a significant reduction in extreme poverty, promotes the development and utilization of human resources and skills and is environmentally sound and sustainable;

(c) An improvement of the international systems of money, finance and trade so as to support the development process;

(d) A setting of strength and stability in the world economy and sound macro-economic management, nationally and internationally;

(e) A decisive strengthening of international development co-operation;

(f) A special effort to deal with the problems of the least developed countries, the weakest among the developing countries.

15. These goals and objectives pose a big challenge. They call for serious and committed efforts by all countries. The developing countries themselves have the responsibility for the great effort needed to mobilize the potential of their people, to modernize and diversify their economies and to set themselves ambitious targets to build the foundation on which development rests: technical and managerial skills, industrial and agricultural capability and effective government services. Human resources development, entrepreneurship and innovation, and the energetic application of science and technology, in a context of political freedom, respect for human rights, justice and equity, are all essential and relevant to growth and development. The Strategy has singled out a number of areas of special priority: the eradication of poverty and hunger, human resources and institutional development, population, the environment and food and agriculture. The pursuit of goals in these areas calls for resolute and vigorous action and for styles of development which establish a mutually reinforcing relationship between rapid economic growth and social objectives.

16. The efforts of the developing countries will, however, be easily thwarted by an unsupportive external environment. They will be thwarted if sudden external shocks decimate their national product and external revenues, as happened to many of them in the 1980s. All countries live in the international economic environment, but most developing countries remain imperfectly integrated in it and excessively vulnerable to its instability. Many are captives of external debt problems, of reduction in external resource flows, of sharply declining terms of trade and of mounting barriers to market access. Great obligations fall on the industrialized countries which influence the international economic environment and the functioning of the international economy and are partners in international co-operation for development. Great obligations fall also on the system of international organizations to extend and fulfil their role in the promotion of development. Developing countries can prosper only in a stable and progressive world economy and, conversely, the world community can have a safe and prosperous future only if economic, social and political progress in the developing countries is assured.

17. The attainment of the aims of the Strategy calls for more than marginal increases of growth rates. The developing countries must be enabled to generate, progressively, the resources needed to ensure productive employment for a fast-growing labour force, to overcome hunger, disease and ignorance and to raise living standards. The negative trends of the 1980s need to be reversed and conditions created for a kind of development that signifies a genuine transformation and does more than keep a growing population from the brink of

famine. The time has come to move beyond adjusting to the shocks of the 1980s and to lay the foundations for a new wave of development. For most developing countries growth rates must accelerate significantly during the decade. Growth objectives will vary from country to country. For the relatively few countries where growth in the 1980s was satisfactory, the aim would be to consolidate progress and ensure that it is sustained. In the many countries where growth was interrupted, the first requirement is a return to a path of expansion where economic growth does not merely keep pace with but well exceeds the growth of population. In the second half of the decade the foundations for higher rates of growth should have been established. On the basis of the experience of some countries it is considered that sustained growth at a rate of the order of 7 per cent would provide the necessary conditions for a genuine transformation of the economy, with rapid increases in productive employment and poverty eradication, and would generate the resources needed for the protection of the environment.

18. Higher rates of growth in developing countries will reflect progress in the several sectors of the economy and in the pursuit of social and other goals. Although the Strategy does not seek to establish comprehensive and interrelated sectoral targets to be attained by the developing countries as a whole, many of its elements have been addressed in the various parts of the United Nations system. They cover such areas, among others, as employment and health, women and children, industry and technology, agriculture and food, population, education and culture, shelter and settlement, telecommunications, transportation, including shipping, and the environment. Sectoral strategies and plans for significant achievements have been agreed upon by Governments. Translated into goals and objectives for both national and international efforts, ambitious and feasible targets of this kind have proved valuable in focusing policies and in monitoring progress. They also serve as reminders of the progress that can be achieved within a decade with strong political commitment and dedicated efforts.

19. The Strategy must look beyond the constraints of the moment. A decade is not enough to work miracles, but a true decade of development would make a great difference to the world situation on the eve of the next century. Serious development problems would still persist, but the debilitating deadlock of the recent past would have been broken for many developing countries. Their living standards would be rising instead of falling, the younger generation would find employment instead of being condemned to a desperate scurry for survival, and poverty and hunger would be pushed back instead of advancing. Revived investment would lay the foundation for growth in the next century and the energies and talents of the people in the developing countries would be harnessed for building their own future. The world as a whole would be safer and more prosperous than it will if present trends continue. A continued development failure in the next decade would be an invitation to world-wide disorder.

III. POLICIES AND MEASURES

20. The policies and measures needed to support and realize the Strategy must reflect the urgency of its goals and objectives. They must aim at the acceleration of growth and give attention to issues of special priority in the development process and must respond to special situations, including those of the least

developed countries. In each area there are important policies and measures that need to be adopted in a national context by the developing countries themselves. There are equally important policies and measures that have to be adopted by the developed countries in the context of international co-operation for development. The international community as a whole must also strengthen the systems that support the sound workings of the world economy and the development process. The International Development Strategy is thus of relevance to all countries, which must commit their best efforts to pursue its goals within the limits of their abilities and responsibilities. The Strategy does not require unrequited sacrifices on the part of any countries. To the extent that public resources must be used in the pursuit of its goals, they represent investments in a better future world, investments that are strikingly modest by the standard of present defence budgets.

A. The reactivation of development

1. Economic policy frameworks, external debt, development finance, international trade, commodities

21. The reactivation and acceleration of development requires both a dynamic and supportive international economic environment and determined policies at the national level. It will be frustrated in the absence of either of these requirements. The policies and measures needed for the 1990s must therefore cover both aspects. A supportive external economic environment is crucial. The development process will not gather momentum if the global economy lacks dynamism and stability and is beset with uncertainties. Neither will it gather momentum if the developing countries are weighed down by external indebtedness, if development finance is inadequate, if barriers restrict access to markets and if commodity prices and the terms of trade of developing countries remain depressed. The record of the 1980s was essentially negative on each of these counts and needs to be reversed. The policies and measures needed to create an international environment that is strongly supportive of national development efforts in the 1990s are thus a vital part of the Strategy. So too are national policies for development. Their main elements are set out below.

The economic policy framework

22. A surge in development during the decade of the 1990s can only take place within supportive frameworks of overall economic policy, both national and international. The sound macro-economic management of the world economy is of paramount importance. The major industrialized countries which broadly determine the international economic environment by their policies have a special responsibility to bring about a stable and predictable international economic environment in which development can succeed. The adverse development environment of the 1980s was in part a consequence of restrictive policies of the earlier years of the decade aimed at combating inflation at the expense of growth. The major industrialized countries influence world economic growth and the international economic environment profoundly. They should continue their efforts to promote sustained growth and to narrow imbalances in a manner that can benefit other countries. The co-ordination of macro-economic policies should take full account

of the interests and concerns of all countries, particularly the developing countries. Efforts should be made to enhance the effectiveness of multilateral surveillance aimed at correcting existing external and fiscal imbalances, promoting non-inflationary sustainable growth, lowering real rates of interest, and making exchange rates more stable and markets more accessible.

23. The macro-economic policies of the developed countries should take account of the interests and concerns of the developing countries. During the 1980s, the developing countries were seriously affected by increases in real rates of interest and by frequent fluctuations in key exchange rates.

24. The economic policy framework of developing countries helps to shape the national environment for development and will need to take account of the objectives, priorities, and particular circumstances of each country. But the acceleration of development will require strenuous efforts on a number of fronts. There is a need for determined policies that aim at increasing domestic savings and raising investments, as well as at improving the returns to investment. National policies must succeed in containing inflationary pressures which often have adverse economic and social consequences that prove disruptive of development. This calls for monetary and fiscal discipline to promote price stability and external balance and the maintenance of realistic exchange rates without the need for repeated currency depreciations that have often had adverse consequences on social stability and the terms of trade of developing countries.

25. National policies must also be directed at mobilizing all the latent energies and impulses for development within the developing countries, at promoting efficiency in the allocation of resources and at taking advantage of the opportunities for trade, investment and scientific and technological progress provided by a changing global economic environment. The role of the public sector in the development process is essential. Impediments to progress caused by bureaucratic inefficiencies, strains on the administration, excessive controls and neglect of market conditions by public enterprises need to be removed. The policy environment should, within the context of national goals, encourage a creative contribution for the private sector, stimulate entrepreneurship and innovation and promote the participation of the people at all levels in the development process. It should provide scope for the operation of market forces and for realistic pricing as a means to greater efficiency and soundness in the allocation of resources. The national policy framework should also enable developing countries to take full advantage of the opportunities of international trade and foreign investment, as well as promote co-operation among themselves. The effectiveness and flexibility of national policy frameworks would be enhanced in a setting of improving political institutions and legal systems. This would be reinforced by conditions that would permit declining military expenditures, and thus, the channelling of resources released for social and economic development.

External debt

26. For many developing countries, the reactivation of development would not take place without an early and durable solution to the problems of external indebtedness, taking into account the fact that for many developing countries, external debt burdens are a significant problem. The burden of debt-service

payments on these countries has imposed severe constraints on their ability to accelerate growth and eradicate poverty and has led to a contraction in imports, investment and consumption. External indebtedness emerged as a main factor in the economic stalemate in the developing countries; there was a large net transfer of resources from the developing to the developed countries, depriving the former of much-needed resources for development. Development during the decade of the 1990s should not be hampered by prolonged failure to resolve the international debt problems. Accordingly, a durable and broad solution to these problems should continue to be given urgent attention as we begin the decade of the 1990s. Innovative solutions need to be found and relief obtained in the initial years of the decade.

27. Recent initiatives and measures to reduce the stock and service of debt or to provide debt relief for developing countries should be broadly implemented. Relief measures should aim at the resumption of vigorous growth and development in these countries and should address all types of bilateral debt of debtor developing countries. Serious consideration should be given to continuing to work towards a growth-oriented solution of the problems of developing countries with serious debt-servicing problems, including those whose debt is mainly to official creditors or to multilateral institutions.

28. Finding a solution to the debt problems is the joint responsibility of debtor and creditor countries, commercial banks and multilateral financial institutions. Debtor countries should continue their efforts to attain efficiency and return to a path of sustained growth by adopting appropriate national economic policies. The creditor countries are encouraged to continue reviewing their tax policies and regulatory and accounting practices in order to facilitate commercial debt and debt-service reduction operations. The multilateral financial institutions should continue to provide support for debt and debt-service reduction packages, with the necessary flexibility, under their established guidelines. Creditor countries should support growth-oriented policies of debtor countries in order to facilitate the resumption of growth and development as well as the prompt restoration of creditworthiness of the debtor countries.

29. The measures agreed upon in the Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries, held in Paris from 3 to 14 September 1990, on the external debt problems of the least developed countries should be urgently and vigorously implemented.

30. The Paris Club is invited to consider increasing the flexibility of its negotiating mechanism and examining the current criteria of eligibility for debt relief and of the scope of the Toronto initiative for dealing with the debt problem, taking into account, inter alia, the Houston Economic Declaration adopted in July 1990. Measures must continue to be taken to relieve the external debt burden of low-income and lower middle-income countries whose debts are owed mainly to official creditors. Measures to address the external official debt problems of middle-income countries should also be seriously considered.

31. The external debt of the developing countries includes debts owed to financial multilateral institutions. Means must continue to be found by these institutions to relieve the burdens that arise out of such debt in ways that safeguard the high

standing of these institutions in financial markets, such as the World Bank Debt Reduction Facility (IDA) established in 1989 to provide debt relief to severely indebted low-income developing countries.

32. There is a close interrelationship between the external debt problem of the developing countries and the global economic environment. The debt-service burden is aggravated by rising interest rates, declining terms of trade, shrinking flows of external resources, protectionist barriers to trade and slow growth in the world economy and would be lessened by an improvement in these factors. A marked improvement in the international economic environment, combined with appropriate national policies which take advantage of this improvement, is essential to solve these debt problems and avoid their proliferation among countries that have hitherto avoided their disruptive consequences.

External development finance

33. Adequate resources, both domestic and external, are an essential condition for the reactivation of development. The developing countries need to mobilize domestic resources to the greatest extent possible and to implement determined policies and measures to this end. In the case of most developing countries, domestic savings contribute by far the larger part of the resources utilized for investment.

34. However, the essence of the development problem is that countries that are poor have limited scope for increasing savings by restraining levels of consumption that are already low. The savings efforts of the developing countries need therefore to be supplemented by external resources so as to raise investment to the levels needed for adequate economic growth.

35. Furthermore, the development process is generally dependent on the flow of imported goods and services that are needed for the growth of the economy. Where export earnings fall short of import needs, the development process would be frustrated in the absence of supplementary flows of external resources.

36. The external economic environment of the 1980s did not favour the flow of external resources to developing countries. Falling commodity prices and protectionist trends weakened the export earnings from many countries, while the flow of development finance was impeded by constraints on aid budgets in the donor countries and, after the debt crisis of 1982, the end of net commercial bank lending to developing countries. In the event, developing countries became less attractive for foreign investors. By the middle of the 1980s, the net transfer of resources to developing countries on the aggregate turned negative because of the burden of debt-service payments. This trend was further compounded by losses incurred by developing countries on account of the deterioration in their terms of trade.

37. These trends have to be reversed in the 1990s if development is to be accelerated. A surge in the tempo of development is virtually unimaginable if the flow of external resources is from the poorer to the richer countries rather than vice versa. This would make meaningless the concept of a decade of development endorsed by the international community. The new consensus on the need for a

reactivation of development and on the priorities of development policies calls for a new commitment on the part of the international community to augment the flow of development finance to the levels needed to attain these agreed goals.

38. A reduction in the burden of debt-service payments, as discussed earlier, is an essential requirement for reversing the negative trends relating to the flow of external resources for developing countries. But there must also be significant improvements in the flow of finance for development from the major sources of such finance, that is, official bilateral assistance, commercial bank lending, direct private investment and the multilateral financial institutions. Such improvements, when taken as a whole, should be adequate for the requirements of development finance in the 1990s. Merely to restore a positive net transfer to the developing countries in a foreseeable future within which no substantial flows of commercial credits can be expected, net official flows of loans and grants from all sources, which remained virtually constant at $35 billion in the 1980s, would have to grow substantially in the first half of the 1990s.

39. Economic reforms and the integration of Eastern Europe into the world market will generate substantial new demands for resources. This enlargement of the international division of labour will be to the benefit of all, but such needs should be met without diversion of the flows needed by developing countries.

40. Official development assistance (ODA) must remain an essential source of concessional aid to the developing countries, particularly to the poorest and the least developed. Aid programmes of donor countries have in many cases remained at low levels and need to be substantially improved in the 1990s. ODA has on average remained at only half of the internationally agreed target of 0.7 per cent of their GNP. Donor countries should in the 1990s implement such undertakings as they have made to reach or surpass this target, as well as the targets for the least developed countries as adopted by the Second United Nations Conference on the Least Developed Countries. There should also be continued improvements in the quality of aid as well as in its utilization. The release of resources from any reductions of military spending and the recovery in the industrial countries should ease the budgetary constraints of donor countries, and rising concern about the environment and world poverty should provide new opportunities for development co-operation.

41. New possibilities for increasing the flow of development finance in the 1990s should also be explored. These include proposals for devoting part of the resources that may be released by the disarmament process and reduced military spending to development and for recycling to the developing countries, through suitable mechanisms and modalities, a part of the payments surpluses of major developed countries.

42. Commercial bank lending, in the aftermath of the debt crisis, has ceased to be a major source of development finance. However, a resumption of commercial bank lending is relevant in the context of both solutions to the debt problem and the needs of the developing countries, particularly those that are not recipients of significant concessional aid. The reactivation and acceleration of growth and an improvement in the global economic environment will help restore confidence in the creditworthiness of borrowing countries and facilitate the return of flight capital. None the less innovative changes will also be needed to evolve

instruments of lending that help cushion borrowing countries against a recurrence of debt-service problems.

43. Foreign direct investment, which is not generally debt creating, could play an increasingly important role as a source of development finance, particularly when international trade is growing and markets are expanding and new opportunities are opened up by scientific and technological developments. Transnational corporations are already channels for technology transfer, world trade and marketing. Many developing countries are seeking, to the extent compatible with national objectives, to establish a positive investment climate and to adopt appropriate investment codes.

44. The need for development finance is unlikely to be met exclusively through the channels of ODA, commercial bank lending and direct private foreign investment. The multilateral financial institutions could and should play a major role in the 1990s in the finance of development. Despite the efforts that have been made to enlarge the resources of the institutions in order to meet new needs, they will in the 1990s have to be considerably expanded. Their resources have been falling behind the growth of the world economy and especially behind that of the world capital markets. The net lending of the World Bank and regional development banks was, by the late 1980s, negligible or negative for a large number of developing countries. These institutions should be enabled to serve the role of intermediation between developing countries and the international capital market, for which they were designed. The conditionality associated with the use of resources should be realistic and in accordance with the need to ensure effective utilization by recipient countries.

45. The international monetary and financial system must evolve in the 1990s and respond to the needs of a changing world which now calls for universal co-operation. It should become an increasingly important source of both development finance and international liquidity. It should provide greater stability and predictability in exchange rates. Developing countries should have greater influence in decisions that affect them vitally.

International trade

46. The goal of reactivating development requires a strongly supportive environment for international trade in general and for trade of the developing countries in particular over the decade of the 1990s. The international trading system is the pillar of an interdependent world economy and should establish conditions of openness and fairness in the interests of all countries. Growth and development and the solution of the pressing problems facing the developing countries are dependent on an open and credible multilateral trading system based on the principles of non-discrimination and transparency. Outward-looking development policies and export-based industrialization will not succeed if export markets are limited by restrictive barriers. The international trading system will function best in an environment of growth and dynamism in the world economy, an environment to which the system itself will contribute. But it needs to be strengthened further in the 1990s by specific actions and measures.

47. Policies and measures in the area of international trade must be directed, in the first place, at arresting and reversing trends, particularly apparent during the 1980s, towards the erosion of the multilateral trading system as a result of unilateralism, bilateralism and protectionism. The international organizations in the field of trade should be strengthened to play their part in the achievement of this objective. Many new issues that reflect the changing nature of the world economy are pertinent to the evolution of the international trading system. But the strengthening of the trading system also requires the resolution of a number of ongoing issues, some of which are of special interest to developing countries and are crucial to the development process.

48. The acceleration of development in the decade of the 1990s should, inter alia, be supported by the following actions and measures in the field of international trade:

(a) Full and effective implementation of the commitment to halt and reverse protectionism, as undertaken in the Punta del Este Declaration. Protectionist trends of the 1980s have an adverse impact on the world economy and on the development process and performance of the developing countries and should not continue in the 1990s. Recourse to non-tariff barriers of various kinds, which has tended to increase in recent years, has affected the exports of developing countries;

(b) Trade liberalization and a sustained improvement in the access of developing country exports to the markets of both developing and developed countries through the reduction and removal of tariff and non-tariff barriers. Rapid structural adjustment in the developed countries in line with shifting comparative advantages will facilitate market access for the growing export capabilities of developing countries that arise in the course of their economic transformation. The rules of the international trading system recognize the need for differential and favourable treatment of developing countries in the context of the other principles set out in the Punta del Este Declaration. This need should be reflected in the functioning of the system;

(c) Liberalization of trade in tropical products and natural resource-based products. This should include the removal of the escalation in tariffs on processed primary products;

(d) Bringing trade in textiles under the normal rules of the General Agreement on Tariffs and Trade (GATT);

(e) Progressive and substantial reduction of support and protection in the field of agriculture;

(f) Effective implementation and appropriate improvement of the generalized system of preferences (GSP), expansion of product coverage, duty-free treatment and adherence to the principles of non-reciprocity and non-discrimination in its application;

(g) Measures to ensure that regional economic integration and the formation of trade blocs will not impede the growth of world trade and are in conformity with

GATT rules. In particular, it is necessary to ensure that such developments do not result in additional barriers to developing country exports;

(h) Strict adherence to the rules and principles of GATT by all contracting parties.

49. Developing countries should endeavour to liberalize their trade régimes in ways consistent with their development objectives so as to improve the efficiency and flexibility of their economies and their participation in the world economy. They should create trade opportunities among themselves and promote more rapid industrialization, in particular through the effective implementation of the Global System of Trade Preferences (GSTP). There is great potential for economic integration among developing countries, and new efforts should be made during the 1990s to establish effective subregional and regional market arrangements among them.

50. The successful and balanced conclusion of the Uruguay Round, which aims at strengthening the international trading system, is crucial for progress in the 1990s. The treatment of new issues, hitherto outside the scope of the rules of the system, should take account of the development dimension and of the need for developing countries to build up their own capabilities. The dialogue and negotiations about required improvements in the international trading system should be continued and expanded in the 1990s. The dialogue should focus, inter alia, on an equitable balance of interest between developed and developing countries, the adaptation and reform of the system to ensure its relevance to the changing patterns of international trade, and the need to ensure greater co-ordination between international trade and financial policies.

Commodities

51. The terms of trade of the developing countries are an important aspect of the international economic environment for development. The depressed levels of commodity prices and earnings of developing countries from commodity exports were an important element in the slowing down of the development process in many developing countries in the 1980s. Technological change played some part in depressing the long-term trend of demand for certain commodities. But slow growth and instability in the world economy and persistently high supplies were factors of critical importance. Commodity exports will continue to play a key role over the 1990s in the economies of most developing countries and will remain crucial to their export earnings and livelihood. For these countries, the reactivation of development during the decade will prove difficult in the face of continued weakness in their commodity sectors and terms of trade and will require a flexible response on the supply side to changing market conditions. The Strategy for the 1990s must aim at a better functioning of commodity markets with greater transparency and more stable and predictable conditions. There is scope for improving international commodity policies in a number of ways.

52. The Integrated Programme for Commodities sought to improve the functioning of commodity markets through commodity agreements between producers and consumers, with support from the Common Fund for Commodities. The negotiation and renegotiation of such agreements proved difficult in the rapidly changing world

economy of the 1980s and a number of existing agreements broke down. There has been hardly any lasting improvement in most commodity markets since then and the need for remedial action remains urgent. Commodity agreements between producers and consumers that improve the stability, transparency, and functioning of markets and reflect long-term market trends benefit both producers and consumers, and efforts should be made to negotiate or renegotiate agreements of this type in the 1990s. The first window of the Common Fund was established for the specific purpose of supporting such international commodity agreements.

53. The diversification of the economies of developing countries and their increased participation in the processing, marketing and distribution of their commodities is of the utmost importance. The second window of the Common Fund for Commodities should be effectively used in this regard, particularly for technical assistance and for commodity-specific programmes for horizontal and vertical diversification, especially for the least developed countries. The diversification process should also be supported through the provision of improved market access for primary and processed commodities. Co-operation among developing countries could also play a significant role in the processing, transportation and marketing of commodities.

54. Compensatory financing is an important means of cushioning developing countries, in particular the least developed countries, against commodity-related shortfalls in export earnings. Existing compensatory financing schemes, particularly the Compensatory and Contingency Financing Facility of the International Monetary Fund (IMF), should be strengthened as appropriate.

2. Science and technology, industrial policies and measures, agriculture

55. A solution to the debt problem, adequate resource flows, and a supportive environment in the areas of international trade and commodity markets are among the prerequisites for the reactivation of development during the 1990s. But a sustained acceleration of the development process will not take place unless developing countries modernize and transform their industrial and agricultural sectors and participate in the progress made possible by advances in science and technology. National policies in these areas must reflect the particular situations. But many issues have strategic aspects that are widely relevant. These are set out in the sections to follow, as a guide both to national efforts and to the support that is possible and needed through international development co-operation. In virtually all areas of effort there is scope and need for supportive financial and technical assistance from donor Governments, multilateral lending institutions and international agencies. There are also possibilities and requirements for co-operation among developing countries.

Science and technology

56. The reactivation of development in the decade of the 1990s on a sustained base would be closely related to the ability of the developing countries to participate in the rapid advances in science and technology that have characterized the global economy in recent years and will continue in the future. Knowledge is today a

crucial determinant of economic progress. The knowledge gap between the developed and the developing countries has been widening and policies and measures are needed to help narrow it over the coming decade. High priority must therefore be given by the developing countries to raising their endogenous capacities and capabilities in this area.

57. Development and modernization in a setting of rapid advances in science and technology call for the establishment and strengthening of scientific cadres and for upgrading the skills of the work force. Developing countries, in their plans and policies, should emphasize policies and measures that enhance their scientific and technological capability, and devote adequate resources to this end. Such policies must range from the expansion and adaptation of their educational systems, including vocational education, to the building up of scientific and technological research and development capabilities.

58. Policies and measures in this field should seek to enhance the capacity of developing countries to utilize scientific and technological developments from abroad as well as to modify and adapt them to suit local conditions. Such policies should also aim at traditional technologies that are capable of being developed as a means of raising productivity.

59. Building the scientific and technological capability of developing countries calls for external assistance in research and development, in the establishment and strengthening of institutions in the area of science and technology, in the diffusion of new technologies and in the training of scientific cadres. Developing countries should not be discriminated against in their commercial access to science and technology for development purposes. Commercial channels for the import of technology, including direct foreign investment, are especially relevant and should be utilized on suitable terms and conditions. In addition, with respect to access and transfer of technology on concessional and preferential terms, in particular to developing countries, effective modalities should be examined with a view to implementing and enhancing such access and transfer as much as possible.

60. The international community should also review ways in which the intellectual property system can promote more effectively the economic and technological development of all countries, particularly the developing countries, and in which intellectual property can be effectively protected. Work on the international code of conduct on the transfer of technology should also be completed.

61. There is considerable scope for co-operation among developing countries in the development of science and technology. The developing countries could help each other by the establishment of common institutions and centres for research and training, by the pursuit of joint projects for technological research and development, by the offer of facilities for education in science and technology among themselves and by the exchange of information. Science and technology must be given a prominent place in schemes for co-operation among developing countries at the global as well as at the regional and subregional levels.

Industrial policies and measures

62. An acceleration in the process of industrialization must be a central element in the economic transformation of most developing countries and in the reactivation of development in the 1990s. Given the limits to agriculture as a means of providing increased employment and additional external earnings, industrialization becomes indispensable for sustained economic growth and social development. It is also through industrialization that developing countries could make use of many of the opportunities provided by advances in science and technology and by international markets. Policies and measures to promote industrialization must thus be a major plank in the Strategy for the 1990s.

63. Some notable exceptions apart, manufacturing industry stagnated in many developing countries during the 1980s. These countries experienced a chronic underutilization of existing industrial capacity, a lack of maintenance, import constraints and technological obsolescence. These problems were at times compounded by mismanagement. For these countries, the rehabilitation of their industrial sectors and an end to the underutilization of capacities must be objectives of priority. The rate of industrialization will obviously vary among countries but for many countries, especially for those where manufacturing industry was set back in the 1980s, historical experience suggests that the objective should be to raise it significantly, say, to 8-10 per cent.

64. Industrial progress requires investments directly related to increasing manufacturing capacity. It is also dependent on an improved and modernized infrastructure in such areas as communications and transport, power, and banking and finance. It is dependent too on a supportive policy framework in the fiscal and monetary fields. Not least, it is crucially dependent on managerial and technical skills and on a trained and efficient work-force. Industrial development must also make use of linkages with other sectors of the economy, particularly the rural sector, which could supply both materials and markets for industrial growth. These subjects must form an integral part of the policies and measures that developing countries need to take for industrial progress during the decade. But there are also certain other major issues of policy that are central to faster progress in industrialization and that may call for new orientations. These are broadly outlined below.

65. One such issue concerns the relative roles of the public and private sectors. In the past, many developing countries, anxious to speed up industrialization and faced with a weak and inexperienced private sector, sought to establish manufacturing enterprises owned and run by governmental entities and enjoying a high degree of protection. Experience has shown that there can be limitations to such an approach, particularly when administrative capacities are strained. State-run enterprises can be hampered by bureaucratic rigidities and inefficiencies and lack flexibility, competitiveness and innovative power. The capabilities of the private sector have grown in many countries and there is considerable scope for enhancing the contribution that private enterprise can make to a dynamic process of industrialization. Entrepreneurship should be encouraged at all levels for the setting up of industries. There is usually a strong potential for the development of medium- and small-scale industries that could also contribute to enlarging both urban and rural employment opportunities. Where industries are under public

ownership, efficiency should be improved through measures that increase their flexibility and their ability to respond to changing conditions.

66. Another issue is that of industrial production for exports as against production for the domestic market and import substitution. The establishment of industries supplying domestic markets is desirable because of market proximity, linkages with other sectors and reduced dependence. But there are often limits to the scope for import-substituting industries, particularly where markets are small. In these cases, policies based excessively on import substitution supported by highly protective barriers result in high cost and inefficiency. Production for export is a means of overcoming these limitations. It becomes a virtual imperative where the scope for additional agricultural exports is limited. It is also a means of keeping step with technological progress and of closer integration with global markets, since exports call for efficiency and competitiveness.

67. The goal of industrialization calls for the building up of domestic ownership and national managerial and technological capabilities. But direct foreign investment can make an important contribution to industrialization. Such investment not only provides additional resources, but is also a means of having access to modern technologies, skills and markets. The rules and regulations of developing countries should encourage direct foreign investment in ways in which mutual interests are furthered. The constraints to the flow of external resources from other sources give added importance to direct foreign investment as a means of augmenting this flow.

68. The progress of industrialization in developing countries, and of outward-looking development in general, is closely related to openness and non-discrimination in international markets. The implementation of the measures needed in this area, as set out in the section on international trade, such as the lowering of tariff and non-tariff barriers and measures to further structural adjustment in the developed countries, form an important part of the strategy for industrialization.

69. Industrial progress in developing countries can also be significantly enhanced through co-operation among such countries at the global, regional and subregional levels. The integration of markets of developing countries, the setting up of joint ventures, and programmes for training and upgrading skills must be among the objectives of policies and measures to promote industrialization during the 1990s.

Agriculture

70. For many countries, agriculture, with its large contribution to the national economy, will remain the principal means for the revitalization of economic growth during the 1990s. To the extent that countries depend on the export of agricultural commodities to world markets, progress will be closely related to the implementation of the measures outlined earlier for strengthening international trade in commodities. But agricultural production in the developing countries also meets the requirements of production for the domestic market to meet the need for food and other products of both the farming and the non-farming population. The acceleration of development calls, therefore, for a special focus on policies and

measures aimed at raising agricultural output and at strengthening food security and self-reliance in food.

71. The transition from a traditional system of cultivation, sometimes at a subsistence level, to modernized agriculture should be the underlying aim of agricultural policy. In many developing countries, the pressures on available land are already high and there are limits to what can be achieved through an extension of the area under cultivation. Where such possibilities remain, measures could be taken to bring new land under cultivation through programmes of irrigation and land settlement, provided that adverse environmental consequences, such as could arise from excessive forest clearing, are avoided. In great part, however, progress in agriculture is heavily dependent on raising productivity on lands already under cultivation. The scope for this could be large given the gap, often wide, between current productivity and technical potential.

72. There are several important components of the policies and measures needed for raising agricultural production and productivity. An annual rate of growth of the order of 4 per cent on average in food production would make a major contribution to food security and support agro-industrial development. But the great diversity of country situations means that there is no single set of policies of general applicability. Success will often depend on the removal of key constraints, which vary greatly from country to country. However, policies and measures based on the considerations set out below will be of broad applicability.

73. Success in reaching the potential for raising agricultural productivity requires a farming population possessed of the knowledge, the incentives, and the means required for this purpose. Improving the knowledge and skills of farmers calls for the diffusion of technology relating to agricultural practices and the use of improved varieties, as well as for the continued development and adaptation of technology through research. This underlines the importance both of effective extension efforts and services and of measures to enhance the capabilities of research institutions. The successful adoption of better methods and technologies is crucially dependent on incentives that link the use of superior methods to prospects for farmers to improve their standard of living. The price incentive is especially important, particularly in the context of the transition from subsistence farming to modernized agriculture. Policies that depress the prices of farm output in order to protect or subsidize living costs for the population at large are often counter-productive. A policy framework that permits more realistic prices that better reflect market situations often yields better results. Such a framework must also remove the shortcomings in marketing, distribution and storage that lead to an excessive gap between retail and farm prices.

74. Farmers must also have access to the means of raising agricultural productivity. Economic units of land and secure systems of tenure are often prerequisites for agricultural progress. Facilities for irrigation and a strong infrastructure of transport, communications and power, as well as other services that overcome the remoteness of rural areas, are among the others. A strong network of rural banking and credit is also vital to help farmers procure inputs and make the investments needed for raising production.

75. Policies and measures aimed at raising agricultural production need to take account of the linkages between agriculture and other sectors of the economy. The link with the industrial sector is especially important, since industry is a source of farm inputs and of consumer goods for the rural population as well as a source of demand for agricultural products. Agro-industries located in rural areas can provide both a stimulus to agriculture and a means of employment for underutilized labour. In a more general sense, there is also a close link between the productivity of farmers and the extent and quality of educational and health services and of housing available to the rural population.

76. There is often considerable potential for improving the contribution of women to agricultural progress. In most developing countries, women form an important part of the active farming population and of the agricultural labour force. Policies and measures to increase their productivity and involve them more in key decisions should raise their contribution to output and their incomes. Schemes for rural self-help and for the mobilization of labour for community development and for the upgrading and maintenance of the rural infrastructure can also play an important part in the drive for agricultural progress.

77. A number of steps are also needed at the international level. Finance for investments in the agricultural sector and technical assistance should form part of programmes for development co-operation, both bilateral and multilateral. Developing countries should have assured access to advances in such fields as biotechnology and genetic engineering, at appropriate costs. The removal of existing distortions in international trade in agriculture is also essential. In particular, the achievement of this objective requires that there be substantial and progressive reduction in support and protection of agriculture - covering internal régimes, market access and export subsidies - in order to avoid inflicting large losses on the more efficient producers, especially in developing countries. Special importance is attached to the successful outcome and effective follow-up of the Uruguay Round in the area of agriculture, tropical products and natural resource-based products, taking account of the needs of the net food-importing developing countries.

B. Priority aspects of development

78. An acceleration of the rate of economic growth is an essential objective for the 1990s. It is a condition for expanding the resource base of the developing countries and hence for economic, technological and social transformation. But economic growth by itself does not ensure that its benefits will be equitably distributed or that the physical environment will be protected and improved. Yet, if poverty persists or increases and there is neglect of the human condition, political and social strains will grow and endanger stability in the 1990s and beyond. Similarly, if environmental damage and degradation increases, the natural resource base of the developing countries and the welfare of populations will be harmed and progress in development itself will become unsustainable. The Strategy for the 1990s must therefore give special attention to the policies and measures needed in the areas of poverty alleviation, human resource development and the environment. It must also pay special attention to the related areas of population growth and the elimination of hunger. The decade of the 1990s must witness a

significant improvement of the human condition everywhere and establish a mutually reinforcing relationship between economic growth and human welfare. The need to strengthen this relationship is, in fact, a principal theme of the present Strategy. It has not only to be reflected in national efforts but assisted by the international community through financial and technical support.

79. The international community, noting the severity of poverty problems in developing countries, agrees that the objective of eradicating poverty is of the highest priority. It is encouraging that a broad consensus is emerging on strategies to be pursued towards the achievement of these goals.

1. Eradication of poverty and hunger

80. The goal of eradicating poverty calls for policies and measures on two broad fronts. It calls, in the first place, for a style of development in which economic progress is distributed as widely as possible and not concentrated excessively on a few localities and sectors or limited groups of the population. It also requires, to the extent that poor and vulnerable sections of the population are not reached by this process, special and supplementary programmes and actions that are directly targeted to bring benefits to these groups.

81. The generation of employment and incomes through productive occupation is a major means of eradicating poverty since the absence of an adequate income through landlessness or the lack of opportunities for work is a prime cause of poverty. Development programmes and processes that provide employment on a large scale are thus an essential need. The sectors and the regions in which development takes place and the technologies adopted must be such as to have a significant impact on employment. This must be an important consideration in establishing the balance between growth in the agricultural, industrial, construction and other service sectors. The creation of employment and incomes through the activation of the informal sector of the economy and through the expansion of self-employment activities should also be an important part of policies to improve incomes and eradicate poverty.

82. Progress in development, even when occuring on a broad front, might still bypass significantly large sections of the population, particularly the poorest and most vulnerable. Special programmes and measures that are aimed directly at increasing their real incomes are thus likely to prove necessary. These could include the provision of cheap and subsidized food and other essentials as well as income support for the poorest and the destitute. They could also include programmes of training and of mobilization of labour for local self-help and community development as well as for production. Such programmes establish a link between poverty eradication and productive activities. The provision of facilities at low cost in such areas as health, education and transport is also a means of raising the real income of the poor. Measures to relieve homelessness or poor housing should be another major aspect of poverty eradication programmes. The increase in the number of homeless people in many developing countries has been one of the serious manifestations of the deteriorating human condition, and the improvement of human settlements as agreed in the Global Strategy for Shelter to the Year 2000 should be part of the crucial effort in this field.

83. Women and children are a particularly vulnerable group in situations of poverty. Policies and measures for poverty eradication should have a particular focus on their needs and give special attention to maternal and child health care and to nutrition. Food security is also a major aspect of the fight against hunger and poverty and calls for an integrated approach to food production and consumption.

84. Policies and measures that are specifically directed at poverty eradication must be carefully targeted on that part of the population that is in need. Subsidized facilities and services that are general in scope and bring benefits to groups that are not in need are normally costly and impose excessive strains on the limited resources available to developing countries. Subsidies of a general nature could also contribute towards distorting prices and may, as in the case of food, have adverse effects on incentives for domestic production.

85. Developing countries need not await the transformation in per capita incomes to do away with the extremes of poverty, particularly hunger and destitution. Some developing countries with low per capita incomes have succeeded in obtaining relatively good results in the social field. But in the long run, economic growth is needed to raise living standards and eliminate poverty. Long periods of stagnation or low growth might make unsustainable the initial gains in the social area.

86. The struggle against poverty is the shared responsibility of all countries. Poverty eradication, as well as broad humanitarian and social goals, such as advancement in the quality of development, broad participation, larger choice and better opportunities for all men and women, needs and should have the full support of the international community. A substantial reduction in hunger and malnutrition is within reach. There is considerable scope for international food aid going beyond emergency situations. Member States must give effect to agreements already reached to make all efforts to meet four goals during the decade:

(a) To eliminate starvation and death caused by famine;

(b) To reduce malnutrition and mortality among children substantially;

(c) To reduce chronic hunger tangibly;

(d) To eliminate major nutritional diseases.

2. Human resource and institutional development

87. Human resource development has the closest of interactions with the process of economic and technological transformation. In a broad sense, it covers a wide range of activities that release the creative potential of the individual and determine the style of development. Each country has to choose its approach to human resource and institutional development in accordance with its national priorities, values, traditions and cultures, and stage of development. Education and health are, however, essential aspects of human resource development and must receive special attention.

88. Education is both a basic human need and a prerequisite for the achievement of the other objectives of development. The educational skills of the labour force largely determine a country's competitive strength and its capacity to adjust to new and sophisticated technologies. In a number of developing countries, expenditure on education declined in absolute or relative terms during the 1980s against the background of a worsening economic situation, and there was a resulting deterioration in the quality of education. Attention needs to be given, in the light of country situations, to each of the aspects of the educational system. The eradication of illiteracy needs special emphasis, including its eradication among women. A target of reducing adult illiteracy by at least one half during the decade has already been set by the international community. But a sound base of primary and secondary education is a basic requirement. Policies and measures in this area must provide for the relatively rapid increase in the population of school age that accompanies the growth of population common to most developing countries. In fact, the goals for the decade of providing universal access to basic education and of the completion of primary education by at least 80 per cent of the school-age group have been internationally accepted. This calls for adequate resources, both financial and administrative, capital and current, for the provision of facilities and materials and for the recruitment of teachers. At the same time there is the need to ensure that the expansion of the educational base does not result in a deterioration of quality and is supported by policies to train and retain teachers. The content of education at the primary and secondary level must also be relevant to a country's need for economic, social and political progress. In the framework of action to meet basic learning needs, it is important to ensure the speedy implementation of the World Declaration on Education for All, adopted by the World Conference on Education for All, held in Thailand in March 1990.

89. The increasingly important role that knowledge plays in determining economic progress in a rapidly changing global environment of science and technology gives a new urgency to upgrading and transforming the scientific, technological, entrepreneurial and managerial aptitudes of the population. This calls for an emphasis on higher education and on the development of the institutional base for the training of skilled cadres as well as for vocational training. It also calls for policies and incentives that are conducive to retaining skilled personnel in their countries on a voluntary basis. The skills of the work force at all levels may well be the key to progress in the 1990s and beyond.

90. In the field of health services, special attention needs to be given to primary health care and the prevention of chronic diseases as well as to general development objectives such as sanitation, safe drinking water and nutrition. This will help relieve the strains on the curative medical system to which increasing numbers tend to have recourse as a result of population growth, education and social change. Policies and measures in the field of health need to give special attention to women and children. Several targets for the decade have already been agreed upon by the international community. These include the reduction of under-five mortality rates by one third or more; the reduction of malnutrition among children under five by one half; and the halving of maternal mortality rates. The participatory and environmental aspects of health care should be emphasized in the design of programmes. There should also be a special focus on

preventing the spread of epidemics and other diseases that are endemic in many developing countries. Urgent steps need also to be taken for the control and prevention of acquired immunodeficiency syndrome (AIDS).

91. As in the field of education, policies and measures for health must pay increased attention to institution-building and the training of skilled health personnel at all levels. Here again conditions have to be created that encourage the retention of skilled cadres.

92. Human resource development could also be promoted by co-operation among developing countries. Developing countries could benefit by opening to each other their centres of quality for higher education and training. They could benefit by the exchange of teachers and of personnel in the field of health and by the sharing of experiences. They could also profit from the joint operation and management of institutions for human resource development, particularly at the regional and subregional levels.

93. The developed countries have an important role to play in promoting human resource and institutional development. Apart from investment support and technical assistance for the supply and use of equipment and for curricula development, a major contribution can be made by the developed countries through the provision of facilities for the training of skilled cadres. Education abroad has always played an important part in the training of skills in developing countries. But in the 1990s and thereafter its role can be vastly enhanced because of rapid developments in the field of knowledge and the urgent need of the developing countries for larger cadres of skilled personnel. At the same time, the developing countries should be assisted in building up their own institutions for training and higher education. As development progresses, there is need for them to enhance their self-reliance in this field.

94. Human rights and human development are ends in themselves. All human resource activities are mutually reinforcing. Careful analysis, policy design and effective management in education and health programmes will be required, and the support of agencies of the United Nations system should play a vital role. Given the interrelated nature of human resource development activities, inter-agency co-ordination in education, health, nutrition, housing, employment, child welfare and the advancement of women requires close attention. There should be programmes to integrate the elderly in development.

3. Population

95. Population programmes should be integrated with economic goals and strategies. The 1990s will see the largest increase in the population of developing countries of any decade in history, an increase of well over 20 per cent. The decade will also witness the aging of the world population. The demographic situation varies among countries but in most developing countries a lowering of the rate of population growth will relieve the strains on the social situation, economic growth, the environment and the use of natural resources. Population growth rates are in fact beginning to decline in a number of developing countries. Over half of the developing countries are pursuing active policies to

reduce the rate of population growth, and important lessons have been learned from this experience. The education of women, improved maternity and child care, and family planning services suited to the socio-cultural environment of individual countries have proved to be effective and successful instruments of population programmes and should be further pursued and strengthened. Assistance to developing countries in the area of population should be substantially increased during the 1990s. Developing countries should also intensify their efforts to allocate adequate resources to population programmes.

4. Environment

96. The current threat to the environment is the common concern of all. All countries should take effective action for the protection and enhancement of the environment in accordance with their respective capacities and responsibilities and taking into account the specific needs of developing countries. As the major sources of pollution, the developed countries have the main responsibility for taking appropriate measures urgently. The economic growth and development of developing countries are essential in order to address problems of the degradation and protection of the environment. New and additional financial resources will have to be channelled to developing countries. Effective modalities for favourable access to, and transfer of, environmentally sound technologies, in particular to developing countries, including on concessional and preferential terms, should be examined.

97. The General Assembly, in its resolution 44/228, has set important goals for the United Nations Conference on Environment and Development in 1992. These goals need to be realized.

IV. SPECIAL SITUATIONS, INCLUDING THOSE OF THE LEAST DEVELOPED COUNTRIES

98. Over two decades ago, the United Nations adopted criteria to identify the countries that were economically the weakest among the developing countries and that faced the most recalcitrant structural problems. It was recognized that these countries, designated the least developed countries, needed special support measures from the international community in their efforts to transform their economies and to improve their prospects for sustained development. In 1981, a special United Nations Conference on the Least Developed Countries adopted the Substantial New Programme of Action for the 1980s for the Least Developed Countries, in which a number of measures to support the development process in these countries were agreed upon. The measures included the setting of a target of 0.15 per cent of the GNP of the developed countries for concessional aid to the least developed countries.

99. However, these very countries, and others that were among the poorest and the weakest, were the hardest hit by the difficulties that arose in the 1980s on the world economic scene. In terms of the criteria initially adopted, the number of countries falling into the category of "least developed countries" - instead of declining as a result of successful development - actually increased from 24 in

1972 to 41 in 1990. The measures taken by the international community to support the least developed countries did not suffice to offset the adverse factors that affected their development experience in the 1980s. In the light of developments in the world economy there is a risk that these countries will become increasingly marginalized; this risk needs urgently to be avoided.

100. In September 1990, the Second United Nations Conference on the Least Developed Countries was held in Paris, underscoring the principle of shared responsibility and strengthened partnership for the growth and development of the least developed countries and calling for mutual commitments and strengthened joint efforts on the part of both the least developed countries and their development partners. The programme of action adopted at the Conference needs to be fully implemented. Broad requirements have been set out. The present ODA targets, as agreed at this Paris Conference, should, in the first instance, be met. Special attention is needed to facilitate increased access of exports of the least developed countries to major markets. Enhanced compensatory financing for export earnings shortfalls should be considered. Donors should take the necessary steps to provide further bilateral concessional debt forgiveness to the least developed countries. All donors are urged to implement Trade and Development Board resolution 165 (S-IX) as a matter of priority in such a way that the net flows of ODA should be improved for the recipient. The Paris Club should consider the application of the Toronto terms to all the least developed countries in accordance with established procedures and criteria; the Toronto options should be reviewed, taking into account the July 1990 Houston Summit Communiqué; and proposals for further debt relief should be examined urgently. Financial institutions, particularly those providing non-concessional credits, are invited to give serious attention to measures to alleviate the burden of the debt that least developed countries owe to them.

101. The special development problems of the land-locked developing countries and of the island developing countries also call for special attention. Measures are needed to lift the constraints on their development arising from the special transportation and communications problems they face, from their limited internal markets and from their high degree of vulnerability to environmental damage and natural disasters.

102. These measures should aim at reducing the cost to those countries of access to and from the sea and world markets, improving the quality, efficiency and reliability of transit-transport facilities and diversifying their economies.

V. ROLE OF THE UNITED NATIONS SYSTEM

103. The organs, organizations and bodies of the United Nations system have a special responsibility for the pursuit of the goals and objectives of the present Strategy. The system has played a unique role in bringing the development issue to the attention of the international community. Through its studies on the several aspects of the development problem, both national and international, through the international conferences it has convened on major issues, through the understandings, conventions and agreements it has helped to negotiate - some of them of a legal or quasi-legal character - and not least through the technical assistance it has provided to developing countries, it has made an invaluable

contribution to ideas, policies and actions in the realm of development. This role must not only continue but must be strengthened and expanded in the 1990s with the support and encouragement of member States.

104. Virtually every aspect of the Strategy falls within the areas of concern of the various parts of the United Nations system. In many such areas and sectors, goals and targets for the coming decade and the actions needed for realizing them have already been agreed upon by member States and are crucial to the implementation of the Strategy. The Strategy also provides guidelines for further work on the evolution of policies and programmes and on seeking agreements for new actions. Major conferences of the United Nations system are already scheduled for the initial years and there will be others in the period beyond. These will be important occasions for reaching agreements that give more specific content to the actions and commitments needed to realize the goals of the Strategy.

105. The organs, organizations and bodies of the United Nations system have thus a vital role to play in furthering the analytical work of relevance to the elaboration and implementation of the Strategy, in promoting and securing the needed international co-operation and in providing technical assistance. The work of the international system should be given greater coherence by closer inter-agency co-operation and co-ordination and by organizational measures that strengthen the contribution of the system to development. The Strategy provides an initial framework for these objectives. The review of the functioning of the United Nations system should continue to be pursued with this aim in view. All its member States have a responsibility for making it more effective and efficient.

106. The Secretary-General is encouraged to continue, by such means as he deems appropriate, his efforts to facilitate the solution to the debt problems of developing countries, taking into account all relevant proposals. In addition, the relevant organs and bodies of the United Nations system should undertake follow-up measures pertaining to the Uruguay Round of multilateral trade negotiations.

107. The growing interdependence in the world economy and the increasing linkages between various issues, such as money and finance, trade and development, give a new urgency to the co-ordination of macro-economic policies and management at the international level. The United Nations should play its role in this area as envisaged in the provisions of the Charter relating to the functions of the Economic and Social Council.

VI. REVIEW AND APPRAISAL

108. A process of review and appraisal should be an integral part of the International Development Strategy so as to ensure its effective implementation. This process should be undertaken at the national level by the respective member States. But it needs also to be undertaken within the United Nations system at the global, sectoral and regional levels. It should provide an occasion to give the necessary political stimulus, in the light of evolving needs and developments. It must be expected that conditions in the course of the decade will change in ways that cannot now be foreseen, and there is thus a case for permanent monitoring and

periodic review, allowing, when necessary, for amendments and revisions to the Strategy.

109. The recent events in the Gulf area are having repercussions on the immediate economic outlook of many countries, particularly in energy and trade balances. While it is not possible, in view of the uncertainties to take account of them at present, it is important to keep the situation under review to determine whether in the context of the Strategy additional measures are required.

110. The organs, organizations and bodies of the United Nations system will play an important catalytic role in the implementation of the goals and objectives of the present International Development Strategy in their respective areas of competence.

111. The machinery for continued monitoring exists: the various agencies of the United Nations system and the regional commissions issue annual reports which in effect monitor the state of progress in virtually every area of international development. Governments participate in numerous debates in the specialized agencies, the Economic and Social Council and the General Assembly, in which the state of progress in international development is a major theme. In this sense, review and appraisal is already built into the procedures of the United Nations.

112. Nevertheless, review and appraisal relating directly to the progress of the Strategy as a whole is also needed on a periodic basis. This should be carried out biennially by the General Assembly through the Economic and Social Council, with an item on the implementation of the Strategy included in their agenda. The Secretary-General should submit appropriate recommendations in order to assist this process of review and appraisal.